

The Global Newspaper Edited in Paris Printed Simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague and Marseille

WEATHER DATA APPEAR ON PAGE 16

Politics May Prove the Key To Channel Tunnel's Approval

By Bob Hagerty International Herald Tribune LONDON — When presented a century ago with plans for a tunnel beneath the English Channel...

governments to press ahead this time with a project that has foundered in more than 20 previous incarnations over the past 180 years.

overcome two major obstacles: agreeing on which of three leading construction proposals to approve and ensuring that the conditions set by the government are sufficiently attractive to the banks and private-sector investors that are to finance the project.



Bismullah Mohammed, an Afghan farmer, displays bomb fragments in front of a crater on his now-abandoned farm.

Afghans Say Russians Take Children to Soviet

By James Rupert Washington Post Service BABRA KHEL, Afghanistan — Last month Omar brought his 8-year-old son from Kabul to leave him with relatives in a village near here; the little boy will not go back to the city.

dren would be taken. The government sent people into the schools, and they took children away. The children's fathers only heard when someone came from school to tell them.

Afghanistan The New Battlefield

set up a business in Kabul. Even though life is better there than here in the countryside, he said, his son will stay here. In Kabul, the Russians are taking children out of the schools and sending them to be brought up in the Soviet Union, he said.

INSIDE

A battle of words erupted as Glimmer Grass challenged Saul Bellow, above. South Yemen's government appeared to be regaining control in Aden after an attempted coup. President Marcos has given no indication that he will remove General Fabian C. Ver as military chief of staff. Organized crime's influence on labor is growing in the U.S., a presidential commission has warned. Science: New forms of ice replicating in miniature arctic ocean conditions could help improve maritime safety and design. Business/Finance: West Germany's finance minister said the U.S. wanted to discuss an interest-rate cut by five nations. Special Report: Planetary probes and flights by the shuttle will provide a busy decade for space research projects. Tomorrow: Facing the same problems as Europe's other industries, the film business is trying new ways of finding a bigger market.



Lebanese firemen tried to stop a fire at an oil depot in East Beirut on Wednesday after artillery shells fired in fighting between rival Christian militiamen hit two storage tanks.

Gemayel Forces Crush Christian Rivals

Compiled by Our Staff From Dispatches BEIRUT — Forces loyal to President Amin Gemayel crushed supporters of a rival Christian leader, Elie Hobeika, Wednesday in a struggle over a pact to end Lebanon's civil war.

11 years of war, which Mr. Gemayel has refused to sign, appeared to be another victim of the new violence. Leaders of the Moslem militias, representing Lebanon's Shiite and Druze communities who signed the accord with Mr. Hobeika, met to coordinate their reaction.

It was Mr. Geagea's surprise desertion to Mr. Gemayel that made the push possible. His men had stayed out of battles between Gemayel loyalists and Mr. Hobeika's men in East Beirut on Tuesday that killed 25 people and wounded 70.

Thatcher Rejects Inquiry Into Westland Dispute

LONDON — Prime Minister Margaret Thatcher rejected calls Wednesday for an investigation into her handling of the Westland helicopter controversy.

Thatcher rejected the inquiry, saying she had handled the Westland helicopter controversy with a detailed defense of charges by former defense secretary, Michael Heseltine, that she tried to manipulate the cabinet in favor of a bid for the Westland company by Sikorsky of the United States.

China Snubs Soviet Over No-War Pact

By John F. Burns New York Times Service BEIJING — China publicly rejected Wednesday a long-standing Soviet proposal for a mutual non-aggression treaty, saying that Moscow had more concrete ways of improving relations if it chose to exercise them.

Soviet Proposes Ending Nuclear Arms by 2000

MOSCOW — Mikhail S. Gorbachev proposed Wednesday an arms-control plan that would eliminate nuclear weapons by the year 2000. The Soviet leader also extended a unilateral moratorium on nuclear testing for three months.

with eliminating from the arsenals of states the weapons of mass destruction, the Soviet Union is proposing that conventional weapons and armed forces become subject to agreed reductions.

He proposed this plan: Within the next five to eight years, the Soviet Union and the United States would reduce by half the nuclear arms that can reach each other's territory. Remaining delivery vehicles would retain no more than 6,000 warheads.

U.S. sees a modest chance of progress at arms talks. Page 6. The current Soviet position that the Strategic Defense Initiative blocked any chance of an accord on arms control.

Reagan Appeal to Soviet

President Reagan appealed to the Kremlin on Wednesday for progress in arms talks. Noting that he and Mr. Gorbachev agreed to the principle of 50-percent cuts in strategic arsenals and an interim accord on limiting medium-range missiles, Mr. Reagan said in his statement he hoped that during the new round of talks progress can be made toward achieving these mutually beneficial objectives.

Reagan Appeal to Soviet President Reagan appealed to the Kremlin on Wednesday for progress in arms talks. Noting that he and Mr. Gorbachev agreed to the principle of 50-percent cuts in strategic arsenals and an interim accord on limiting medium-range missiles, Mr. Reagan said in his statement he hoped that during the new round of talks progress can be made toward achieving these mutually beneficial objectives.



BLOCKADE — Trucks were held up for hours Wednesday as South Africa continued an unofficial blockade along the Lesotho border. In Lesotho's capital, paramilitary police surrounded government buildings, apparently unhappy at the handling of the crisis. Page 5.

Reagan Seeks to Ease Merger Curbs

By Nell Henderson Washington Post Service WASHINGTON — President Ronald Reagan will ask Congress to overhaul U.S. antitrust laws to ease restrictions on mergers, the White House said Wednesday. The administration argues that American businesses need greater flexibility to compete internationally.

Some administration officials have argued that the antitrust restrictions on mergers may be discouraging transactions that would create stronger, more competitive companies. But critics of the administration's antitrust policy have charged that weak enforcement of the antitrust laws has hurt U.S. competitiveness by encouraging the creation of larger but less innovative and less efficient companies.

The official conducting the briefing, Li Zhaoxing, volunteered the Chinese position after saying that there had been queries about it from newsmen in Beijing. "The so-called mutual nonaggression treaty is a proposal that has been put forward by the Soviet side for many years and that has been categorically rejected," the official said.

Phone Number Changes at IHT: 46.37.93.00 The International Herald Tribune has a new telephone number: 46.37.93.00. For calls from outside France, the country and city access codes remain the same: (33-1).

PEOPLE Vietnamese... U.S. TV NOW IN EUROPE... HOME SATELLITE SERVICE... Various small advertisements and notices on the left margin.

Government Regaining Control in South Yemen After Attempted Coup

ADEN — Sporadic fighting continued Wednesday in Aden but the government appeared to be regaining control of South Yemen after a three-day battle against a rival faction of the Marxist leadership.

"Most of the rebel elements, who belong to the opportunist right, have been arrested," an official source said, "and many others who tried to assassinate President Ali Nasser Mohammed have surrendered."

Western diplomats in Aden said that the government appeared to have gained the upper hand after a coup attempt by the hard-line Marxist faction of former President Abdul Fattah Ismail.

State-run Aden Radio, on the air Wednesday for the first time since Monday night, quoted an official statement as saying that Mr. Nasser Mohammed was presiding over meetings of the ruling Socialist Party's politburo.

Earlier unconfirmed reports had said he had been wounded Monday in an assassination attempt. Two Gulf newspapers said that Vice President Ali Ahmed Antar shot and wounded the president after an argument and was himself killed in an ensuing gunbattle with Mr. Nasser Mohammed's aides.

Aden Radio said Mr. Antar and Mr. Ismail were among four leaders of the coup attempt executed Monday.

"They wanted to bring death to the people, and now they have become dead corpses lying in the garbage of history," it said. "Others have been arrested and are awaiting trial."

Another radio station broadcasting from north of the capital, however, said the four were still alive.

Much of the fighting centered on Aden's port, an Indian Ocean base for Soviet warships, where foreign vessels reported battles Tuesday between gunboats and tanks along the shore.

In London, the Foreign Office quoted diplomatic dispatches as saying that unidentified naval vessels had shelled the capital and that the airport had also come under bombardment.

In Tokyo, a Sanko Steamship



CRASH VICTIM — Thierry Sabine, organizer of the Paris-Dakar motor rally, was killed Tuesday in a helicopter crash in Mali. He is shown here starting the race near Paris on Jan. 1. Also killed were a singer, Daniel Balavoine, the pilot, a radio technician and a journalist.

Shevardnadze, in Tokyo, Is Told Soviet Must Cut Its Forces in Far East

By John Burgess
Washington Post Service

TOKYO — Japan called for a reduction in Soviet military forces in the Far East as talks opened Wednesday with Eduard A. Shevardnadze, the first Soviet foreign minister to come here in a decade, Japanese officials said.

Mr. Shevardnadze, who met for two and a half hours with his Japanese counterpart, Shintaro Abe, said that Japan should consider its own interests carefully in deciding whether to join in the United States' proposed space defense system, according to Japanese accounts.

Japanese officials declined to give details of the talks, citing a Soviet request. They provided reporters with what were little more than restatements of the long-standing positions of the two sides. There was no Soviet briefing for Western reporters.

The talks are viewed in Tokyo as a spin-off of the November meeting between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, in Geneva. Japan is closely allied militarily with the United States, and its periodic thaws with the Soviet Union tend

WORLD BRIEFS

Seoul Legislators Indicted Over Melee

SEOUL (UPI) — Seven South Korean opposition legislators were indicted Wednesday in connection with a parliamentary melee last month that was touched off by passage of the budget.

Representative Kim Dong Young, floor leader of the principal opposition group, the New Korea Democratic Party, submitted his resignation Wednesday in response to the indictments. The dispute erupted Dec. 2 when opposition members allegedly used violence to block members of the ruling Democratic Justice Party from unilaterally passing the budget.

Representative Hong Sa Duk, an opposition spokesman, said that "suppression will only strengthen our resolve." He said the action violated a compromise reached Tuesday under which about 40 opposition legislators ended a sit-in protesting government handling of the case.

U.S., EC Funds for Ulster Expected

STRASBOURG, France (Reuters) — The United States and the European Community will give money to a fund to rebuild areas damaged by sectarian conflict in Northern Ireland, Dick Spring, Ireland's deputy prime minister, said Wednesday.

The United States is offering between \$250 million and \$500 million for the fund, which will also be supported by the British and Irish governments, Mr. Spring said at a news conference. The EC contribution is likely to reflect the U.S. offer, Mr. Spring said, though he declined to say exactly how much the EC would give.

The money would be split between projects in Northern Ireland, projects spanning the border between the province and Ireland and projects in the republic itself, Mr. Spring said. Both the Irish and British governments were considering using part of the fund for start-up capital to help companies build factories in the region, he said.

Thai Leader Reorganizes His Cabinet

BANGKOK (AP) — Prime Minister Prem Tinsulanonda reorganizing his cabinet Wednesday, with all changes involving the most powerful party in his four-party coalition government, Radio Thailand announced.

Five new officials entered the cabinet while two others took new portfolios. The most prominent change was Foreign Minister Siddhi Savetsila's promotion to the position of deputy prime minister. He retained his Foreign Ministry portfolio.

The changes occurred after a shake-up in the Social Action Party, including the resignation last month of its longtime leader, Kukrit Pramoj. The government shuffle was also seen as a measure to strengthen the economic team in the cabinet, which has been largely dominated by the party.

Rightists Block Kennedy in Chile

SANTIAGO (AP) — Senator Edward M. Kennedy, Democrat of Massachusetts, arrived here Wednesday to meet with Chilean opposition and human rights leaders and was blocked at the airport for more than one and a half hours by about 200 supporters of the Chilean military government.

The protesters were members of the Democratic Independent Union, a rightist group supporting the military government of President Augusto Pinochet. The authorities provided a helicopter to fly Mr. Kennedy to a children's hospital for the start of his scheduled 24-hour visit.

An aide said that Jaime Castillo, president of the Chilean Human Rights Commission, suffered minor injuries when demonstrators broke his car window. Gabriel Valdes, a leading opposition figure, was hit with tomatoes.

Study Sees Food Problem in Rural U.S.

BOSTON (NYT) — Food stamps reach fewer than one-third of eligible recipients in 150 counties in the South, Midwest and West, according to a study by a Harvard University public health group, and the researchers say this indicates hunger is common in many of those largely rural and farming areas.

But U.S. officials faulted the study, which involved no field research to determine how many families actually lacked sufficient food. They said the researchers had ignored the seasonal nature of the aid and improperly equated poverty with hunger. They also said that many farming families grew their own food.

Danish Opposition Accepts EC Ballot

COPENHAGEN (AP) — Denmark's opposition Social Democratic leader, Anker Jorgensen, accepted Wednesday Prime Minister Poul Schluter's challenge to hold a national referendum on a group of reforms for the European Community.

Mr. Jorgensen said his party, the biggest in Denmark, would "bow to the result" of a popular vote to decide the question. The Social Democratic parliamentary group decided Tuesday not to support the EC changes in the 1957 Treaty of Rome when they come up for a vote Tuesday in the Folketing.

Mr. Schluter, a Conservative whose four-party minority coalition favors them but cannot get them approved without the Social Democrats, proposed the referendum as a means to resolve the political impasse.

For the Record

The verdict in the Indira Gandhi trial will be announced Wednesday, the judge said. Three Sikhs are accused of assassinating the Indian prime minister. (Reuters)

The Liberian cabinet has been reorganized. Samuel K. Doe, the nation's leader, removed five ministers and replaced four Supreme Court judges, including the chief justice. (AP)

President Chun Doo Hwan of South Korea pledged to step down at the end of his seven-year term in 1988. But, in a speech Wednesday, he ruled out direct presidential voting before 1988. (Reuters)

Correction

A New York Times article in Tuesday's Herald Tribune on the 48th International PEN Congress incorrectly identified the position to which Norman Mailer was elected Sunday. He was chosen president of the PEN Congress.

Despite U.S. Pressure, Marcos Unclear on Firing Ver

By Seth Mydans
New York Times Service

MANILA — President Ferdinand E. Marcos has given no clear indication that he plans to remove General Fabian C. Ver as the Philippine military chief of staff, despite strong pressure from the United States.

Mr. Marcos said Tuesday that the general "might wish to retire before the election," which is scheduled for Feb. 7. Pressed as to whether he meant "might or will," the president continued to leave the door open with the brief reply, "He will, probably."

Other statements have been similarly noncommittal. In recent days Mr. Marcos has made no reference to internal problems that could make it difficult for him to remove General Ver, who is a cousin and trusted supporter of the president.

The general remains the nation's most powerful military officer and has maintained a high profile as he travels the country overseeing a reorganization of the military and joining Mr. Marcos at campaign appearances.

General Ver has become a symbol of the need to professionalize the Philippine armed forces, where promotions often come on the basis of loyalty to the president.

The general took a leave of absence during his trial last year on charges of involvement in the 1983 assassination of the opposition leader Benigno S. Aquino Jr. He was reinstated Dec. 2, the day of his acquittal.

Meanwhile, the public pressure from Washington, which reached a crescendo when General Ver was reinstated, has become muted. Senator Phil Gramm, a Texas Republican and member of the Armed Services Committee, said Sunday that he had met with Mr. Marcos but had not mentioned General Ver.

In an interview two weeks later, Mr. Marcos indicated that a split had developed in the military between the supporters of General Ver and those of his deputy, General Fidel C. Ramos, and that this split could delay any reassignment of his chief of staff.

He raised a new issue Friday that he said could delay General Ver's removal: a charge by members of a fact-finding board that General Ramos had covered up the military's role in a September massacre at the town of Escalante in which 21 civilian demonstrators were killed.

In his statement Tuesday, Mr. Marcos responded to the earlier U.S. criticism by saying that he was committed to reinstating General Ver but that the move probably would be temporary.

U.S. officials say they since have received assurances that the general will soon leave his post.

Immediately after the acquittal, Mr. Marcos assigned the general to oversee what he said would be a top-to-bottom reorganization of the military. General Ver's first move was to promote officers who had stood by him during his trial.

In an interview two weeks later, Mr. Marcos indicated that a split had developed in the military between the supporters of General Ver and those of his deputy, General Fidel C. Ramos, and that this split could delay any reassignment of his chief of staff.

Gunmen killed a Manila politician who had endorsed Mrs. Aquino, police and opposition officials said Wednesday. It was the first killing linked to the election campaign. The Associated Press reported from Manila.

An Aquino supporter said that the politician, Jeremias de Jesus, was shot a day after he told the U.S. Embassy that armed men were intimidating Marcos opponents in Tarlac.

Libya Seeks to Replace Departing U.S. Companies

United Press International

BENGAZI, Libya — Libya is seeking to replace U.S. companies as they prepare to meet President Ronald Reagan's Feb. 1 deadline for cutting links. Libyan officials said Wednesday.

Defense Secretary Caspar W. Weinberger played down the interception Monday of a U.S. Navy surveillance plane by two Libyan fighters as nothing "unusual or remarkable."

"We had observation reconnaissance planes out and the Libyans came way north of their territory," he said, and they looked "at the American plane and went back."

Libyan officials said Libyan government representatives were meeting in Europe with U.S. banks and companies to discuss the consequences of Mr. Reagan's economic boycott. The officials said none of Libya's ambitious development projects would be abandoned because of the American pullout.

Libya is considering speeding up plans for projects worth \$36 billion and will invite tenders from European and Japanese companies, according to a Western adviser to the Libyan government who asked that he not be named.

"Everything will go now to European banks," said Ther Fawzi Siala, director of a major project. "Before we preferred American banks."

Government officials said some American companies might be able to continue operation in Libya through foreign subsidiaries that are not wholly American-owned.

Last week, Mr. Reagan ordered all commercial ties with Libya cut, froze Libyan assets in the United States and ordered all Americans to leave Libya by Feb. 1.

Washington holds Libya responsible for the Dec. 27 terrorist attacks at the Rome and Vienna airports in which 19 people were killed and 120 injured. Libya has denied involvement.

U.S. companies have increased transfers of money and equipment to foreign subsidiaries in Libya in an attempt to beat the Feb. 1 deadline, a Western adviser to the Libyan government said Tuesday. He gave no details.

U.S. Navy May Escort Vessels in Gulf

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration is considering assigning navy warships to escort American merchant vessels in the Gulf to prevent another boarding by armed Iranians, according to State Department officials.

Administration officials acknowledged Tuesday that Washington was caught off guard Sunday when an Iranian Navy ship forced an American freighter, the President Taylor, to stop in the Gulf of Oman and submit to a search for war material for Iraq.

When no such goods were turned up, the freighter was allowed to proceed to Fujairah, its destination in the United Arab Emirates.

A possible future course of action, officials said, would be for the United States to declare that the cargoes of American merchant ships were free of war material for Iraq and to authorize navy warships to use force if necessary to keep the Iranians away.

This could lead to a confrontation with the Iranians if they pressed their right to board a ship, but administration officials said they did not believe the Iranians would seek to force the issue.

The more immediate problem, officials said, was whether the navy had the ships to spare for escort duty in a region where there are only three ships on duty. About one American merchant vessel a week is said to travel in the area.

Officials said that even though Iran had been stopping and searching other merchant shipping in that region for five months, there was no clear U.S. policy on what to do if a U.S. ship were forced to halt.

The captain of the President Taylor radioed for help Sunday, but by the time the navy sent two ships the episode was over.

Several administration officials noted that France had recently refused to allow its ships to be searched and that since then Iran had not forced the issue. France, unlike the United States, provides military equipment to Iraq.

Spending Cuts Outlined By U.S. Budget Agencies

By David Hoffman
Washington Post Service

WASHINGTON — The U.S. government's two major budget agencies published a report Wednesday reaffirming predictions of a \$20.5-billion federal deficit this fiscal year and outlining how automatic spending cuts are to be made in virtually every area of the government to reduce the deficit by \$11.7 billion.

The reductions for fiscal 1986 are to be evenly divided between defense and nondefense spending.

The report by the Office of Management and Budget and the Congressional Budget Office shows that within the Pentagon, operations and maintenance functions will suffer most immediately but that large reductions are also planned in spending on future procurement.

The projection published Wednesday was required under the new Gramm-Rudman balanced budget law. It was issued by Rudolph G. Penner, director of the Congressional Budget Office, and James C. Miller 3d, director of the Office of Management and Budget.

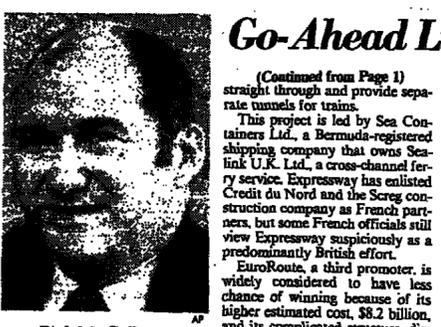
Although the details have yet to be spelled out, the domestic spending reductions could result in hiring freezes, reduced budgets for travel and printing and perhaps some government layoffs and reduced services.

The automatic cuts amount to 4.3 percent of spending by domestic agencies for this year and 4.9 percent of military spending. The White House had announced these figures Monday.

The defense percentage is higher because President Ronald Reagan protected military personnel from reductions, meaning that the military's budget savings must be made up in other defense areas. Both defense and domestic cuts must be made, however, in the final seven months of the fiscal year, so the eventual level of reductions may well be larger.

The \$11.7-billion in reductions can be avoided if Congress and the president come to agreement before March 1 on an alternative method of achieving the savings.

According to the budget offices' report, the brunt of the Defense Department's \$5.8-billion spend-



Rudolph G. Penner

Go-Ahead Likely for Channel Tunnel

(Continued from Page 1)

straight through and provide separate tunnels for trains.

This project is led by Sea Containers Ltd., a Bermuda-registered shipping company that owns Sealink U.K. Ltd., a cross-channel ferry service. Expressway has enlisted Credit du Nord and the Serag construction company as French partners, but some French officials still view Expressway suspiciously as a predominantly British effort.

EuroRoute, a third promoter, is widely considered to have less chance of winning because of its higher estimated cost, \$8.2 billion, and its complicated structure, dismissed by one London banker as "science fiction."

EuroRoute would build a bridge to an artificial island, where drivers would spiral down to an undersea tunnel, then spiral back up to another island and onto another bridge to complete the crossing. There would be a separate rail tunnel.

A fourth plan, for a bridge across the channel using a new form of plastic, has been rejected because of doubts over the technology, officials say.

A major problem in the frenzied, last-minute selection process is that the two countries have different priorities. France is especially interested in the rail element as a way of extending its fast-train service, the Train à Grande Vitesse.

The British are intent on finding an affordable way to build a drive-through project. A British official said the project would be more popular and "more 21st century" if drivers could simply drive straight to France without loading onto a train shuttle. Mrs. Thatcher's wariness about relying on rail unions also appears to be a factor.

Expressway's solution captures the British fancy, but there are several problems. For one thing, rival promoters say Expressway's costs are underestimated by as much as 70 percent.

In addition, the rivals question Expressway's assertion that its ventilation system would be sufficient for what would be the world's longest road tunnel, three times longer than the current champion, the St. Gotthard tunnel in Switzerland.

The rival promoters also suggest that Expressway's leading promoter, Sea Containers, might secretly hope to block or delay the project to protect its ferry interests. James Sherwood, president of Sea Containers and head of Expressway, has said that he would prefer that no channel link be built but that, since the governments seem determined to do so, he wants to lead the project.

"I suspect it's just a big bluff," said Philippe Montaigner, a senior France Manche official. "He could abandon the whole project later."

An Expressway spokesman insisted, however, that the project would be built if his company is chosen.

For its part, Channel Tunnel has tried to satisfy British desires by promising to add a drive-through road tunnel to its project eventually, if the technology can be proven and finance is available.

Past promises by promoters often have succumbed to changes of heart by governments. In the 1880s, digging on a channel tunnel began, only to halt when British generals raised fears about opening the way for a French invasion. In 1975, a change of government in Britain killed another project after digging had begun.

But the politicians are undeterred.

"We are making history," France's transport minister, Jean Auroux, proclaimed in London this week.

(Nancy Kenney in Paris contributed to this report.)



To our Readers in the Netherlands.

We would like to hear from you.

Since the International Herald Tribune began printing in The Hague in October 1983, we have sought to ensure delivery of the paper to newsstands and subscribers early every morning throughout The Netherlands.

If you are having any difficulty obtaining the International Herald Tribune in a timely manner, please contact our distributor: Edipress International Bloemendaaleweg 224 Postbus 111 2050 AC Overveen Tel.: 023 25 29 69 Telex: 41833.

Herald Tribune

Battle of the Cross

Russians

سكرا من الامم

Battle of the Literati Erupts As Grass Challenges Bellow

By Edwin McDowell
New York Times Service

NEW YORK — A half-dozen writers, including Nadine Gordimer, Allen Ginsberg, Salman Rushdie and Susan Sontag, have traded charges and countercharges before an overflow audience at the International PEN Congress after Günter Grass angrily challenged Saul Bellow on his appraisal of the American dream.

Until Mr. Grass's outburst Tuesday, the afternoon session of the International Association of Poets, Playwrights, Editors, Essayists and Novelists, had been winding down after earnest discussions by a variety of writers on their interpretations of alienation.

The audience heard Toni Morrison, the black American writer, declare that "at no moment of my life have I ever felt as though I were an American," and György Konrad, the Hungarian novelist, assert that the Communist Party could not have come to power in his homeland had it not been for the Soviet Army.

At the afternoon session, exiled writers from four countries expressed their sense of alienation.

Comments ranged from a poignant description by Vasilii Aksyonov, the exiled Russian writer, of how the author feels when he is deprived of his home, culture and language, to the description by Manlio Argueta, an El Salvadoran writer living in Costa Rica, of what it is like for Central American writers to ask questions of life and death when they see regularly faced with "the very real possibility of death."

It was during this session that Mr. Bellow spoke. By contrast, he described alienation as something to which American writers sometimes "have a fatuous attachment," and toward the end of his talk that discussed Rousseau, Stendahl and Marx, he added that the American middle class has been preoccupied with "common sense desires," such as clothing, shelter and health care.

Mr. Bellow's talk, which included reminiscences of Robert F. Kennedy as the son of Russian Jewish immigrants growing up in French Can-



'I would like to hear the echo of your words in the South Bronx where people don't have shelter, don't have food, and no possibility to live the freedom you have.'

— Günter Grass

Mr. Grass, who has frequently criticized the United States in the past, added that America was a powerful country that protected dictators in Turkey and Pakistan.

Mr. Bellow replied: "I was talking about the majority situation in this country. I was not trying to include every exception one could think of. Of course there are exceptions. I was simply saying the philosophers of freedom of the 17th and 18th centuries provided a structure which created a society by and large free, by and large an example of prosperity. I did not say there are no pockets of poverty. I did not say this is a land of full justice. I didn't try to justify America as a superpower. I was simply saying there was no particular concern in the foundation of the country with the higher life of the country."

Mr. Grass returned to his seat, but at that point the literary and political battle was joined.

Bryten Breytenbach, a South African poet living in Paris who was a panelist with Mr. Bellow, said that the "freedom and prosperity of the United States rests possibly on the lack of freedom and the poverty and the exploitation of many large parts of the world, including South Africa."

Another panelist, Adam Zagajewski, a Pole who also lives in Paris, praised Mr. Bellow, saying "he spoke as an old master" who is a defender of liberty.

Mr. Aksyonov, who lived in Washington, said it puzzled him why West German writers "are always so eager to criticize the United States." He urged them "to think twice before making parallels" between the United States and the Soviet Union.

Mr. Ginsberg, the poet, criticized the Soviet bureaucracy and "the totalitarian grip it has taken on its client states," but, speaking of Nicaragua, he wondered how the United States could act "to correct the devastation we have wrought in Latin America and elsewhere?"

By this time a line was forming behind the microphone, as much to make statements as to ask questions.

and Chicago, drew heavy applause.

But at the start of the question-and-answer period, about an hour later, Mr. Grass walked to the microphone and challenged Mr. Bellow.

Mr. Grass, the German author of "The Tin Drum," among other novels, said that while listening to Mr. Bellow talk about democracy giving Americans not only freedom, but also food and shelter, he had to wonder where he was.

"Three years ago when I was here I was in the South Bronx," Mr. Grass said. "I would like to hear the echo of your words in the South Bronx where people don't have shelter, don't have food, and no possibility to live the freedom you have, or some have in this country."



VISIT PROTESTED — Demonstrators burned trash and an American flag Monday night in the streets of Buenos Aires to protest a visit by the banker David Rockefeller to discuss Latin American debt. Police said 81 people were arrested during the worst political violence in two years. Leftists denounced the visit because of several trips Mr. Rockefeller made to Argentina while it was under military rule from 1976 to 1983.

Mob's Hold on Labor Is Growing, U.S. Report Says

By Philip Shenon
New York Times Service

WASHINGTON — Law-enforcement officials lack a coherent strategy in attacking organized crime's corruption of labor unions and legitimate business, a federal commission said Tuesday.

In a sharply worded report delivered to the White House, the President's Commission on Organized Crime said that mobsters were "increasingly using labor unions as a tool to obtain monopoly power" in some industries.

The commission's conclusions appeared to show that the government was still far from winning its war with the American Mafia.

Noting that Jackie Presser, president of the International Brotherhood of Teamsters, had been under federal investigation because of charges of corruption, the report suggested that Reagan administration officials who had "contacts" with him risked the appearance of impropriety.

At various times, President Ronald Reagan, Vice President George Bush and top Reagan aides have met with Mr. Presser, who has endorsed Mr. Reagan politically.

While not mentioning those meetings, the portions of the report made public Tuesday said, "The impact of such contacts can lead to an erosion of public confidence and dampen the desire to end racketeering."

The Presser investigation was dropped in July when it was disclosed that Mr. Presser had been an informer for the Federal Bureau of Investigation.

The report depicted the American Mafia as an organization reaching into many sectors of organized labor and business. The commission said the government had been unable or unwilling to combat the infiltration effectively.

In a written statement, the commission's chairman, Judge Irving R. Kaufman of the 2d U.S. Circuit Court of Appeals, in New York,

called for improved cooperation among federal agencies battling organized crime.

"There has never been a coherent federal strategy to attack organized crime's corruption of our business institutions and labor organizations," he said. "The commission is convinced that the government can never eliminate organized crime from the marketplace unless it develops a comprehensive national plan."

The information made public Tuesday came from an interim report. The final report is scheduled to be delivered to the White House by March 1.

The commission, formed in 1983, said that mobsters often gained access to legitimate business through control of labor unions.

It identified four unions "with histories of control or influence by organized crime." They are the Teamsters, the International Longshoremen's Association, the Hotel

Cocaine Use Suspected In Fire in Nelson Crash

By Douglas B. Weaver
Washington Post Service

WASHINGTON — U.S. officials are investigating the possibility that a form of cocaine use involving fire caused the New Year's Eve plane crash in Texas that killed Rick Nelson, the rock singer, and six other persons, according to sources knowledgeable about the investigation.

Both the pilot and the co-pilot, who survived the crash, have told investigators that they attempted to land the plane after a fire started in the passenger cabin.

"He made a good landing," a source said. "Except for the fire, everyone would have survived."

The cause of the fire is undetermined. The sources said that preliminary toxicology reports indicate that Mr. Nelson's body contained a measurable level of unmetabolized cocaine, which means the drug had not been absorbed into the system at the time of death. They stressed,

however, that final written reports from two toxicology laboratories were pending.

No clearly identifiable drug paraphernalia was found, the sources said.

One form of cocaine use, called freebasing, requires mixing cocaine with flammable ether or ammonia. After the chemicals evaporate, the freebase cocaine is usually smoked in a glass pipe held over a steady flame, often a cigarette lighter. Users say the drug provides a powerful high, similar to the one received from injecting cocaine into the veins with a needle.

One of the theories investigators are studying is that a freebase fire got out of control and ignited the cabin.

Propellants from aerosol cans are sometimes used to aid the freebase process, and investigators found 18 aerosol cans in the wreckage, although most were in the baggage area.

"That could be one can of hair spray and one can of deodorant for everyone on board," a source said. "We just don't know."

Preliminary toxicology reports show that neither the pilot nor the co-pilot of Mr. Nelson's plane had alcohol or drugs in his bloodstream, the sources said. Similar reports are pending on the other passengers who died with Mr. Nelson, five members of his band and his fiancée.

The plane was a World War II-era Douglas DC-3 and was carrying Mr. Nelson and his band from Guntersville, Alabama, to a New Year's Eve concert in Dallas.

A broken fuel line was suspected early in the investigation as a source of the fire, but it was established later that the line broke on impact with the ground and that the fire clearly started in the air. On-board fire extinguishers in the heating system that should have been triggered if a fire started there did not go off.

The official coroner's report shows "smoke inhalation and thermal burns" as the cause of death, according to Alfred Welch, a Dallas County justice of the peace who signed the report.

WORLD BRIEFS

Indictors Indicted Over

Seven South Korean prosecutors were indicted in connection with a past conviction by a court of the former president, Park Chung-hee, for a 1978 election fraud. The indictments were filed by the Seoul District Court.

Inds for Ulster Exped

British troops will give more than 100,000 rounds of ammunition to the Ulster Defence Regiment (UDR) in the next few weeks. The UDR is a paramilitary force of the British Army.

Reorganize His Cab

Prime Minister Margaret Thatcher will give more than 100,000 rounds of ammunition to the Ulster Defence Regiment (UDR) in the next few weeks. The UDR is a paramilitary force of the British Army.

ck Kennedy in Chile

John F. Kennedy Jr. is expected to visit Chile in the next few weeks. He is the son of the late President John F. Kennedy.

od Problem in Rural

The World Bank is providing technical assistance to help solve the food problem in rural areas of developing countries.

ition Accepts EC

The European Commission has accepted the application of a new country to join the European Community.



At an Afghan guerrilla base, a small boy learns to disassemble and clean a Chinese-made Kalashnikov assault rifle.

Soviet Attacks Are Emptying Many Afghan Villages

By James Rupert
Washington Post Service

BARAKAT, Afghanistan — Surrounded by rocky, snow-covered hills, this village is a man-made oasis.

As are virtually all villages in the harsh, dry lands of Ghazni province, Barakat was founded around a reliable water source, and generations of villagers have slowly carved its sun-hardened hillsides into green fields and orchards. A villager insists that no one wants to leave Barakat: In Persian its very name means "blessing."

But of the 1,500 residents here before the war, villagers say, 150 to 200 have been killed. And with the fighting getting worse, about a quarter of the families have fled to the capital, Kabul, or Pakistan or to the villages of relatives.

During a month-long tour through southeastern Afghanistan, the story varied in each village. But the general pattern was clear: Direct attacks on villages by the Soviet Army and Air Force, often assisted by Afghan government troops, are forcing out farmers and shepherds who support the mujahidin, or resistance fighters.

"The Soviets know the mujahidin need the villages," one Afghan said. "They want to kill the fish by emptying the water."

This remains a hidden war. With the restrictions against journalists entering Afghanistan legally, it is impossible to be certain about most of what is happening here. But everyone — the Soviet authorities, the Afghan resistance leaders and the villagers of Barakat — agrees that the war and the suffering are growing.

In large areas of Afghanistan, the Russians and the mujahidin are fighting a new kind of battle. It is not a battle for physical control of villages, but a battle over whether villages shall continue to exist.

"This is genocide," said Michael Barry, an American scholar and human rights researcher who visits Afghanistan regularly. Mr. Barry and others worry that the widespread destruction of farms, plus three years of poor rainfall in much of Afghanistan, not only have forced out much of the population, but now threaten famine for those who remain.

In Barakat, "The Soviets bring jets, because they know we help the

mujahidin," said Bismullah Kheir Mohammed, a local resident. In October, the Soviet and Afghan Army troops staged a four-day sweep through Barakat and nearby villages, killing 20 persons and taking 12 young men to serve in the Afghan Army, villagers said.

The villagers said the Russians had entered the nearby hamlet of Gabrub and killed Abdul and Niaz Gul, ages 55 and 70. "They were just farmers," said Mr. Mohammed, "and they took their money from the house to keep the Soviets from stealing it."

"When the Soviets searched them and found the money, they stole it and strangled them. We found their bodies two days later, when the Soviets left."

A young man from a nearby village, Bedmoshik, told a tale of Russian soldiers who held a 14-year-old boy and slowly killed him when his parents would not pay a ransom. "They tied him to a tree and beat him and stabbed him with a bayonet," he said. "Finally they shot him."

A foreign human-rights inquiry team visited Bedmoshik two days later and confirmed the torture and

killings of the boy, among other atrocities in the area.

For the people of Pirangai, in Paktia province, the horror of the war has come not with killings but with bombings. In early November, they said, a Soviet jet thundered overhead and dropped two large canisters that exploded in midair.

The canisters scattered hundreds of small "butterfly" antipersonnel mines over the village. Some were still there when I visited.

"We have heard about Soviet bombs that look like watches or toys," said Sahab Gul, a local shopkeeper. "So we always tell the children not to pick up strange objects."

Three children had hands or feet blown off by the butterfly mines, which are designed to maim rather than kill. A young boy, Wali Khan, said that his grandfather had taken his 11-year-old cousin to doctors in Pakistan after the boy lost a hand and part of his face while examining one of the mines.

"We are ready to fight them if they come to us," said Mr. Gul, his voice quivering with anger. "But they want to make us leave by injuring our children." Few in the village have left, he said.

Of 32 villages I saw during my trip, none was untouched by the war. But even where villagers have recovered from such attacks, their lives remain difficult, and abandoning their homes for the relative

safety of Pakistan remains a much discussed option.

Three years of meager rain and snowfall have dried up the weaker water sources in this and other regions of Afghanistan, leaving downstream villages in a state of near-drought.

In what many specialists regard as a "pre-famine" development, families have sold or slaughtered much of their livestock, which they could no longer afford to feed.

Even in the villages that have not been abandoned, most young men have left, making farming even more difficult.

"It is dangerous for young men to stay," said a village elder in southern Wardak province. "The Soviets may come and kill them or take them for the army."

Russians Send Afghan Children to Soviet Union for Education

(Continued from Page 1)

tutions and the mass media to accomplish three main goals in Afghanistan:

- Prevent the growth of nationalist sentiment by sharpening the splits among the country's many ethnic and linguistic groups and strengthening ties between northern Afghans and their Soviet ethnic counterparts.

- Popularize a reinterpreted Islam more amenable to Communist doctrine.

- Build a new elite of pro-Soviet Afghans that would be free of the internal rifts that have paralyzed the ruling Communist Party.

Various Afghan academics and politicians in Peshawar said the Russians' most important weapon in the cultural battle was education, notably education programs in the Soviet Union. Estimates of the numbers of Afghans who go there for study varied widely, although most estimates are close to 6,000 a year.

Abdulbaj Mehraban studied veterinary medicine for nearly six years in the Soviet Union before returning to Kabul in 1981 and fleeing to Pakistan in 1984. He questions how well the Soviet education campaign is working.

Mr. Mehraban said he believes most Afghan university students continue to go to the Soviet Union for the same reasons he did: the better technical education and living standards. "Many students also like it because you can get vodka and meet girls, unlike in Afghanistan," and "you can stay out of the army," he said.

"When we had been there a short time, I was impressed," he recalled. "People had jobs and weren't hungry."

"But after a year, I could speak good Russian and talk to people and found out that you can't talk about your ideas," he said. "Studying a long time in Russia doesn't make everyone into a Communist."

other Afghan academics, the Russians have retooled the Afghan education system — installing Soviet teachers, a Marxist-Leninist curriculum and a reinterpretation of Afghan history that describes Russia as the historic friend of Afghanistan.

Last March, authorities replaced the French-style program for primary and secondary education with the Soviet system, including compulsory Russian-language study beginning in the fifth grade.

"Islam is the key to Afghanistan's culture," said Akhtar Mohammed, a young university graduate, "so to change Afghanistan, they want to change our Islam."

"They" are the Russians. Like many other Afghan intellectuals, Mr. Mohammed worries about the Russians' efforts to harness Afghanistan's Moslem faith as a means of controlling the country.

In their campaign to reshape Afghanistan's culture, Soviet authorities have taken control of official religious institutions and are reinterpreting Islamic doctrine.

"The Soviets were very sophisticated about using religion," said Fazole Akbar, an Afghan journalist. When Russian troops entered Afghanistan in December 1979, Mr.

Akbar was director of Radio Kabul. The Afghan Communists who took power in 1978 "were very anti-Islamic," Mr. Akbar said. "They walked into the mosques with their boots on and smoked cigarettes inside."

"The Russians had to teach them

'Studying a long time in Russia doesn't make everyone into a Communist.'

— Abdulbaj Mehraban, a former student in the Soviet Union

how to use Islam as part of their propaganda," Mr. Akbar said.

Rasul Amin, a former Kabul University professor who now coordinates an organization of exiled Afghan intellectuals, said the Russians have stepped up efforts to control religious life in Afghanistan as the war has dragged on. Last

year, the Soviet-dominated regime of Babrak Karmal established a Religious Affairs Ministry, which, Mr. Amin said, has two roles.

"The Soviets know they will never change the ideas of the older generation" of Afghans," Mr. Amin said. "So for them, the government just wants to appear benign."

But for young people, he said, "they want to change the very idea of Islam." During the past year, Mr. Amin said, the authorities had removed many independent mullahs from their mosques, after having tolerated them since the invasion.

It has taken the government several years to train its own mullahs, Mr. Amin said, and only now are they emerging to take over mosques in the cities controlled by the Russians and the government.

According to Afghan intellectuals and political leaders here, the Russians and the Kabul government rely on the new mullahs to help spread a "Sovietized" Islam that emphasizes the obligations of a believer to the Islamic community, but that omits references to belief in God.

Mr. Amin said the Russians would prefer to limit the distribution of the Koran, as they have done in their own Moslem republics, leaving the state free to offer its own interpretation of the Koran's teachings.

"They could not change the Koran because too many Moslems, even in the Soviet Union, can recite it from memory," and the changes "would be discovered," he said.

Reagan to Go to Hospital For Colon Exam Friday

The Associated Press

WASHINGTON — President Ronald Reagan will enter Bethesda Naval Medical Center on Friday for a follow-up examination of his colon, from which a cancerous tumor was removed last July, the White House said Wednesday.

The White House spokesman, Larry Speakes, said that Mr. Reagan would undergo a colonoscopy, the same type of examination that discovered the tumor last year. Mr. Reagan's doctors have said that he should have colonoscopies every six months to check for the possible growth of lesions. This will be the first such follow-up examination.

Channel Tunnel

The Channel Tunnel, a 31-mile-long railway tunnel under the English Channel, is set to be completed in 1990. It will connect the United Kingdom and France, providing a direct link between the two countries. The tunnel is being built by a consortium of British and French companies. It will have two main tubes, one for passenger trains and one for freight trains. The project is expected to create thousands of jobs and boost the economies of both countries.

LUXURY DOUBLE ROOM
US\$ 70
"TRIB" & BREAKFAST
in
PARIS MONTMARTRE
HOTEL CENTRE VILLE
67, Boulevard de Clichy, 75009 PARIS
Tel.: (1) 4526 84 33 - Telex 206 968 F

Villars
Your first choice
Famous ski resort, 2000 ft.
1200 apartments and chalets
in the heart of the Swiss Alps
Information:
Villars Tourist Office
P.O. Box 100, CH-1920 Villars
Tel.: 026 82 11 11

DIAMONDS
YOUR BEST BUY
Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love. Buy for investment, for your enjoyment. Write airmail for free price list or call me.
Joachim Goldenstein
diamond expert
Established 1922
Felixstrasse 62, B-2018 Antwerp, Belgium - Tel.: (32-3) 234.07.51. Telex: 71779 eyl k. at the Diamond Club Bldg.
Gold Medal
1954-1955-1956-1957-1958-1959-1960-1961-1962-1963-1964-1965-1966-1967-1968-1969-1970-1971-1972-1973-1974-1975-1976-1977-1978-1979-1980-1981-1982-1983-1984-1985-1986-1987-1988-1989-1990-1991-1992-1993-1994-1995-1996-1997-1998-1999-2000

GIVENCHY
GENTLEMAN
1985 Collections Sale
Boutique
29 avenue George V-75008 Paris
Telephone: 47.20.90.13

In Bangkok
the utmost in luxury is
a business resort
amidst 26 acres of gardens.
HOTEL SIAM
INTER-CONTINENTAL

THE ADVANTAGE IS INTER-CONTINENTAL!
We are all in a room
Srapatum Palace Property, Rama One Road, P.O. Box 2052, (662) 253-0355/57, Telex: F
For reservations call: Amsterdam: (020) 26.20.21, Brussels: (02) 751-87-27,
Frankfurt: (069) 27 100620, London: (01) 491-7181, Milan: (02) 87.72.62, Paris: (01) 47,
or call your nearest Inter-Continental sales office or your travel agent. sowie gute
tabelarischen

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Taba Accord Would Help

When Israel returned the Sinai desert to Egypt in their peace treaty, it claimed and kept Taba, a 250-acre (101-hectare) sliver of Red Sea beachfront...

the honored place it covets in the Arab world, and cannot expect to do so while the Palestinian question remains unresolved.

Foreign Role in U.S. Debt

Americans are now borrowing more heavily than at any time in their history. This great surge of borrowing began four years ago and continues to run strongly.

GNP, than at any time in the past generation. If this borrowing were being financed entirely by Americans, the consequences would be less disquieting.

Other Opinion

Westland: It's Bad for Thatcher
A war of covert but bitter words engulfs Westland over Westland. The former secretary of defense, Michael Heseltine falls on his Reagan missile.

drunk, and where the avenue of proper cabinet discussion is also denied to them. There are questions here for Conservative backbenchers as well as for those cabinet members who kept their heads down.

Europe Can Justify Its Policy on Libya Ties

By William Pfaff

PARIS — The U.S. government sent a deputy secretary of state, John Whitehead, to Europe this week to try to persuade West Europeans to follow the American lead and cut off economic ties to Libya.

always been a point upon which Americans and Europeans disagree. It is held in Europe that power and interests are what count in international relations, and that feelings get in the way of an effective policy.



Terrorism: Reagan Is Sounding More Like Carter

By Joshua Muravchik

WASHINGTON — Never has President Reagan sounded more like Jimmy Carter than in explaining his decision not to take military reprisals for the Rome and Vienna airport murders.

But in this, he is unwittingly conceding exactly the point that underlay so much of Mr. Carter's foreign and defense policy.

Disarray at UN Reflects Crisis of Today's World

By Francis Blanchard

GENEVA — The past year has seen a disturbing growth of disillusionment and disenchantment with the United Nations. Two major industrial powers have withdrawn from one of its specialized agencies and one can detect, in the comments and criticisms, a growing impatience with the world body's apparent ineffectiveness in tackling the main problems of our society.

There is need for a real effort to have the looking glass of the United Nations reflect areas of cooperation and of common interest rather than the contradictions and conflicts which divide the world.



Philippines: U.S. Should Intervene

By W. Scott Thompson

WASHINGTON — Liberals despair that they can do nothing about the Philippines election; President Ferdinand Marcos controls the machinery and will rig it.

Both are wrong. If the United States, as a matter of policy, wishes to influence the outcome, it can easily do so. Indeed it shall do so, by intervention or design.

Even so, Corason Aquino can win. She will win in the cities. The provinces are where Mr. Marcos can determine the outcome. The United States has a powerful card to play, as yet unplayed, but long since dealt.

FROM OUR JAN. 16 PAGES, 75 AND 50 YEARS AGO

1911: A Strong Week on Wall Street
NEW YORK — Business was moderately active in the Stock Exchange throughout last week, with greatly increasing buoyancy and strength under steady accumulation of the standard issues by inside traders and bankers.

1936: Japan Quits Naval Conference
LONDON — Japan withdrew from the Five-Power Naval Conference [on Jan. 15]. There departed also chances of the continuance of the ratio system provided by the Washington and London Treaties.

INTERNATIONAL HERALD TRIBUNE
JOHN HAY WHITNEY, Chairman 1934/1982
KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
LEE W. HUBNER, Publisher
RENE BONDY, Editor
ALAIN LECOUR, Deputy Editor
RICHARD H. MORGAN, Deputy Editor
STEPHAN W. CONAWAY, Director of Operations
FRANCOIS DESMAISON, Director of Circulation
ROLF D. KRANEPUHL, Director of Advertising Sales

There is scope for reform of the United Nations, but not by scrapping the present system and creating in its place some kind of a superbody, as critics seem to suggest.

It is worth recalling, however, that the United Nations was established not to advance any single nation's policies or ideologies, but to make this world a better place to live in for all mankind.

porting the United Nations, the world community spends some \$440 million on means of destruction.

LETTERS TO THE EDITOR

Hypocrisy on Sanctions
Reporting "Allies Decline to Support U.S. Appeal for Boycott" (Jan. 9):
The statement by the British foreign office that "sanctions tend not to be effective," when commenting on the U.S. ban and boycott of Libya, is about as hypocritical a statement as ever there was.

Hasty U.S. Judgment
The terrorist actions in Rome and Vienna were not against America. There is at best only circumstantial evidence to connect them with the government of Libya.

principles of fairness and justice, to rush into a military adventure that will be condemned by rational nations. Let not this become another Sarajevo, to propel the world into yet another war for which, once begun, we shall all have to weep.

principles of fairness and justice, to rush into a military adventure that will be condemned by rational nations. Let not this become another Sarajevo, to propel the world into yet another war for which, once begun, we shall all have to weep.

principles of fairness and justice, to rush into a military adventure that will be condemned by rational nations. Let not this become another Sarajevo, to propel the world into yet another war for which, once begun, we shall all have to weep.

principles of fairness and justice, to rush into a military adventure that will be condemned by rational nations. Let not this become another Sarajevo, to propel the world into yet another war for which, once begun, we shall all have to weep.

principles of fairness and justice, to rush into a military adventure that will be condemned by rational nations. Let not this become another Sarajevo, to propel the world into yet another war for which, once begun, we shall all have to weep.

Lesotho Government Offices Surrounded

The Associated Press
JOHANNESBURG — Paramilitary police surrounded the prime minister's office and other government buildings in Lesotho on Wednesday, according to foreign diplomats and residents of the small country. But the government denied that there had been an attempt at a coup.

[Diplomatic sources in Lesotho said the military activity might have been a show of strength by members of the Lesotho paramilitary force unhappy with government handling of the current crisis with South Africa, Reuters reported from Maseru, the capital.]
Foreign residents in Maseru said that about 150 armed paramilitary troops had circled the prime minister's complex and ordered bureaucrats to leave for the day. It was not clear whether the prime minister, Chief Leabua Jonathan, was in the building at the time.

One resident said the activity aroused suspicions of a coup attempt in Lesotho, a black nation surrounded by and economically dependent on South Africa. But Lesotho denied any such attempt, and government radio continued Wednesday to broadcast routine news.

Diplomats reached by telephone said Maseru appeared calm.
"We can confirm there are members of the Lesotho paramilitary force around the government complex," said Peter Rosling, the British high commissioner. "I cannot say what they are for. The numbers there are much larger than usual."

But, Mr. Rosling added, "Everything looks absolutely quiet and normal."
Lesotho complained Tuesday that South Africa had imposed a blockade at the border, and that fuel, medical supplies and some foods were nearly gone. It said that it would airlift supplies to defeat the blockade.

South Africa tightened security at the border beginning Jan. 1, saying guerrillas of the outlawed African National Congress were planning to strike from bases there.

Lesotho has appealed to the United States and Britain to intervene in the dispute.
Also on Tuesday, Lesotho detained without trial five leaders of opposition groups who met last week with South Africa's foreign minister, R.F. Botha.

State-run Radio Lesotho said

Tuesday that opposition leaders "provided the South African government with advice on how the government of Lesotho could be brought down."

Mr. Botha has said, however, that the opposition leaders had merely urged consultations between the two countries on the border restrictions.

Relations between South Africa and Lesotho deteriorated after a Dec. 20 commando raid on Maseru in which nine persons died, including six ANC members. South Africa denied accusations that its soldiers were involved in the raid.

"We are a hostage country," Lesotho's information minister, Desmond T. Sitshe, was reported to have said in a news conference Wednesday in Maseru. "I wish South Africa would pick on someone else."

South Africa maintains that its border officials are searching for guerrilla weapons, while Lesotho denies that it harbors guerrillas.

South Africa said Tuesday that Lesotho had agreed to set up a joint security committee to control the guerrillas, who are fighting for black rule in South Africa.

Mr. Sitshe confirmed that Lesotho had agreed to the committee, but he also insisted that his country

would take no action against refugees from South Africa's apartheid system of racial segregation.

Lesotho has resisted such demands from South Africa for the past seven months.

"Lesotho will be standing by its obligations to the refugees," Mr. Sitshe said, "there will be no action against them."

In South Africa, the assistant U.S. secretary of state for African affairs, Chester A. Crocker, speak-

ing at the end of three days of talks, rejected harsher economic sanctions against the government, saying racial reforms could not take place while South Africa's economy was in trouble.

Asked whether the United States would yield to demands from anti-apartheid activists for tougher measures against South Africa, Mr. Crocker said that the United States did not "seek to wage economic war on this country and its people."



China Snubs Soviet With a Sharp, Public Rejection of No-War Treaty

(Continued from Page 1)
separation of forces in disputed areas along the 4,000-mile (6,500-kilometer) border.

Partly because the Chinese draft also included language that the Kremlin considered prejudicial to its own border claims, it was in turn rejected.

The issue has rested for more than a decade, although it was known to have been revived in the two-yearly Foreign Ministry talks that resumed after a long break in the fall of 1982.

China has demanded that the Russians make concessions on at least one of the "three conditions," and Beijing has suggested that a start be made over Cambodia. But Soviet officials have refused even to discuss the issues in detail.

Western diplomats here, however, have been paying less attention to the formal talks than to the rapid improvement in commercial, cultural and sporting ties that has taken place over the past two years, bypassing the blockade in the political negotiations.

With high-level delegations shuttling between the two capitals, the view here has been that an effective normalization is taking place without any formal acknowledgment of the fact.

The virtue of this, for both governments, is that countries that built up over a quarter of a century, at great cost to both sides, can be eased without upsetting countries

that have made the estrangement between Moscow and Beijing a foundation for their own policies.

An example of this is Vietnam, a Soviet ally that would regard a rapprochement between Moscow and Beijing with great misgivings. For its part, China has its relationship with the United States to consider.

By raising the matter of the proposed nonaggression pact, Beijing may have intended to remind the Kremlin, as it has done periodically, that its objections to Soviet policies on the periphery of China are real and will have to be dealt with if a normal relationship is to be achieved. But some diplomats here said that the sharp tone to the Chi-

nese statement indicated that more was involved.

One view was that the Chinese are beginning to believe that the Russians are taking the improvement in ties for granted and need a sharp jolt to remind them of underlying realities.

A Chinese official said privately that there was considerable irritation here last month at the attitude of a visiting Soviet deputy foreign minister, Mikhail S. Kapitsa, who radiated confidence about the Moscow-Beijing relationship in his public remarks but refused, according to the Chinese account, to "talk seriously" about Afghanistan, Cambodia or border troops.

South Africa Radio Predicts Reforms

JOHANNESBURG — South Africa's state-controlled radio said Wednesday that petty apartheid was morally and politically wrong and that 1986 would be a year of greatly accelerated reform of race segregation.

Radio South Africa, which reflects official thinking, said the government would take further action this year to eradicate the remains of petty apartheid. It was the strongest condemnation of apartheid to date in its commentaries.

Petty apartheid, which means regulations governing the more minor aspects of the day-to-day lives

of different races, includes "socially discriminatory measures which, while neither morally nor politically justifiable, are all too obviously grievously humiliating to those against whom they are directed," the radio said.

"The same applies to those economic measures limiting freedom of movement and individual enterprise, the past legacies of a mistaken ideology," the broadcast added.

The government, however, has said it remains committed to the cornerstones of apartheid, such as racially zoned living areas.

The ruling National Party came

to power in 1948 on an apartheid platform. Pretoria has introduced power sharing with Indians and South Africans of mixed race, but it still excludes blacks, who make up 74 percent of the population.

President Pieter W. Botha will open parliament Jan. 31, and political analysts say there are conflicting signals about how much reform he will propose.

Pretoria froze \$14 billion of its \$24 billion foreign debt in September after a financial crisis, and international bankers are pressing for clear signals of change before they agree to reschedule the nation's debts.

Thatcher Rejects Inquiry Into Westland Issue

(Continued from Page 1)
said "that what we were doing was not in the national interest" and "that we should withdraw."

But Mrs. Thatcher also made public a Department of Trade and Industry record of the meeting that differed sharply from that of Sir Raymond.

The government notes said "The secretary of state said that it was not in the national interest that the present uncertainty involving Westland should drag on."

The notes said that Mr. Brittan told Sir Raymond it would have been helpful for British Aerospace to speak to him before entering the European consortium.

"However having not done so and, British Aerospace having taken a commercial decision to participate in the European consortium, the secretary of state took no view on the position," the document released by Mrs. Thatcher said.

It did say that Mr. Brittan warned Sir Raymond of the poten-

tial impact of the matter in the United States where British Aerospace sells aircraft and weapons.

He alleged, in part, that: "A government commitment to hold a cabinet meeting on the issue on Dec. 13 had failed to appear in the record."

Efforts were made to stop a radio broadcast in which he was to state his case.

The British ambassador in Rome was instructed by the Foreign Office to ask the Italian government to send no more messages of support for the European offer.

Fumes Delay London Flights

LONDON — Smoke and poisonous sulphur dioxide fumes from an overheated boiler leaked Wednesday into the control tower of London's Heathrow Airport, forcing evacuation of the tower and delaying scores of flights for up to two and a half hours.

INTERNATIONAL POSITIONS

DIRECTOR

Salary £33,006 pa incl.

The Council of Governors invites applications for the post of Director vacant from 1st May, 1986. This post in a dynamic London Polytechnic offers a challenge to a woman or man with experience in Education, Public Service, Industry or Commerce within the U.K. or abroad.

Additionally, as a result of external promotion of the Deputy Director, the new Director will be involved in the appointment of the Deputy.

Assistance can be provided with re-location expenses. Further particulars and application details are available to individual applicants, or on behalf of applicants, from Professor W.G. Overend, Chairman of the Council, c/o Head of Personnel, South Bank Polytechnic, Borough Road, London SE1 0AA, England.

Closing date for application: 21st February, 1986.

An Equal Opportunities Employer.

South Bank Polytechnic
Teaching for tomorrow in the heart of London

Christians In Lebanon Fight Pact

(Continued from Page 1)
sitions and the Christian Voice of Lebanon radio.

Militia sources said that the two days of talks with the Syrian president had failed and that Mr. Gemayel had refused to throw his weight behind the agreement to give Moslems more say in government and reduce the powers of the presidency.

Mr. Hobeika, who has headed the Lebanese Forces since May, was estimated to have about 2,000 men behind him while another 1,000 were loyal to Mr. Gemayel and 4,000 backed Mr. Geagea, the strongest opponent of the Syrian-mediated peace pact.

The Christian Voice of Lebanon radio declared a cease-fire around the port complex at 4:19 P.M. between Mr. Hobeika's men and forces loyal to Mr. Gemayel and Mr. Geagea, but the battles raged on.

The rival Christian commanders were negotiating peace terms Wednesday afternoon, political sources said.

Military sources said that Mr. Hobeika had radioed General Aoun from his underground bunker at 1:30 P.M. to say he had ordered his men to lay down their weapons.

The sources said General Aoun sent two armored personnel carriers to rescue Mr. Hobeika and his senior lieutenants from the headquarters. But it was not known if they got through to the compound.

It was the heaviest inter-Christian fighting since Mr. Gemayel's younger brother, Bashir, who was assassinated in September 1982, crushed the rival militia of former President Camille Chamoun in 1980 in another of Lebanon's factional feuds.

The sources said both sides were carrying out "suicide attacks" in front line areas in Karantina overlooking Beirut harbor and in disputed sectors between the capital and the port of Jounieh, 12 miles north of the capital.

Fouad Abu Nader, a nephew of President Gemayel and a senior Phalangist Party member, issued a radio appeal for peace.

"Today we are committing suicide and this is forbidden, forbidden, forbidden," the former Lebanese Forces chief said.

Sources said it appeared that Mr. Hobeika's fighters, realizing that the fighting was going against them, had asked Mr. Abu Nader to mediate between the two sides.

The influential Maronite bishop, Ibrahim Helou, issued a statement calling on Christian fighters to lay down their arms.

"Let those who carry arms know that their weapons have always been for self-defense and to protect the values they have boasted of defending, and not for fighting between them," he told the radio station. (UPI, Reuters, AP)

INTERNATIONAL POSITIONS

Wir sind ein in internationalen Finanzmärkten tätiges führendes Dienstleistungsunternehmen mit außerordentlichen Zuwachsraten und einer exzellenten Gewinnsituation. Unsere Kunden sind Regierungen, regierungsnahe Institutionen und multinationale Firmen. Im Zuge des Auf- und Ausbaus unserer internationalen Aktivitäten suchen wir eine Führungspersönlichkeit als

CONTROLLER

und Mitglied der Geschäftsleitung. Diese Aufgabe umfaßt:

- Leitung des Finanz- und Rechnungswesens
- Budgetwesen
 - Budgetplanung
 - monatliches Berichtswesen
 - Kostenanalyse und -kontrolle
- Liquiditätsmanagement
- Personalverwaltung
- Leitung der Verwaltungsmitarbeiter
- Vertragswesen
- Steuern

Wegen der Besonderheit der Aufgabe suchen wir einen Betriebswirt, der über Erfahrungen im internationalen Finanz- und Rechnungswesen möglichst aus dem Bankbereich oder dem Portfoliomanagement verfügt.

Intelligenz, Engagement und Durchsetzungsvermögen und allgemeines betriebswirtschaftliches Verständnis sind ebenso wichtig wie die Fähigkeit, komplexe Probleme rasch zu überblicken und praxisgerechte, realisierbare Lösungen zu finden.

Zur Durchführung dieser Aufgabe ist die Beherrschung der englischen Sprache unabdingbare Voraussetzung. Sie sollten zwischen 30 und 45 Jahre alt sein und die schweizer Nationalität besitzen. Ihr Arbeitsplatz ist im Raum Freienbach am Zürichsee.

Bitte, richten Sie Ihre ausführliche Bewerbung in englisch an:
Chiffre 2234, International Herald Tribune,
Friedrichstraße 15, D-6000 Frankfurt am Main.

NOIRE SOCIETE, EN PLEINE EXPANSION, FILIALE A TAILLE HUMAINE (100 MILLIONS DE FRANCS, 80 PERS.) D'UN IMPORTANT GROUPE AMERICAIN RECHERCHE

Directeur administratif et financier

De formation supérieure (ESC ou maîtrise de gestion + DECS), vous justifiez d'une première expérience de 3 à 5 ans dans la fonction financière ou sein d'une entreprise anglo-saxonne.

Vous aurez la responsabilité de la comptabilité (française et anglo-saxonne), l'information, l'administration (personnel, aspects juridiques, etc.), la supervision et la présentation des états financiers des filiales européennes au sein du Groupe, l'animation d'une équipe d'une dizaine de personnes.

La pratique courante de l'anglais est indispensable pour ce poste basé en proche banlieue Ouest de Paris.

Si cette opportunité vous intéresse, merci d'adresser lettre man + C.V. + photo + prêt. sous la réf. 3923/HT, à MEDIA P.A., 9, bd des Italiens - 75002 PARIS.

Wir sind ein in internationalen Finanzmärkten tätiges Dienstleistungsunternehmen mit überdurchschnittlichen Zuwachsraten und gesunder wirtschaftlicher Basis. Unsere Kunden sind Regierungen, regierungsnahe Institutionen und multinationale Firmen.

Im Zuge des Auf- und Ausbaus unserer schweizer Aktivitäten suchen wir zum baldmöglichen Eintritt die

SEKRETÄRIN DES GESCHÄFTSFÜHRERS

Wir wenden uns an die fachlich kompetente Mitarbeiterin, die nach einer qualifizierten Ausbildung im Bankwesen entsprechende Sekretariats Erfahrung erworben hat. Die Bedeutung der Position erfordert neben Belastbarkeit und Engagement ein hohes Maß an Intelligenz und Integrität. Perfekte Schreibmaschinen- und Stenokennnisse sind für die Bewältigung der Aufgabe ebenso erforderlich wie die Beherrschung der englischen Sprache in Wort und Schrift. Sie sollten zwischen 30 und 40 Jahre jung sein und die schweizer Nationalität besitzen. Ihr Arbeitsplatz ist im Raum Freienbach am Zürichsee.

Die Vergütung und sonstigen Arbeitsbedingungen werden großzügig geregelt. Die Mithilfe bei der Wohnungssuche und die Erstattung der Umzugskosten sind selbstverständlich.

Damen, die an dieser anspruchsvollen Aufgabe interessiert sind, bitten wir um Zusendung ihrer Bewerbung in englisch mit Lichtbild, der Angabe des Gehaltswunsches und des frühesten Eintrittstermins.

Chiffre 2235, International Herald Tribune, Friedrichstr. 15, D-6000 Frankfurt/Main.

SOLVING Management Consultants **SEEKS** **HIGHLY QUALIFIED CONSULTANTS**

To work on assignments for major international groups: elaboration of corporate strategies - assessment and development of structure and organisation - improvement of efficiency and productivity in R & D, Sales, Logistics and Administration.

We wish to meet top American or English graduates with a good honours degree (MBA, PHD, MS...) who have

- an outstanding presence
- the gift of organisation
- a competence in analysis and synthesis
- a capacity for hard work
- communication skills and ability to promote change
- first-class professional track record
- a perfect knowledge of French and/or other European languages.

For senior consultants A minimum of 8 years experience in industry or with a consulting firm. Proven success in a line or project management role would be highly valued.

For consultants Experience in industry or commerce

The assignments both in Europe and the US on which successful candidates will be involved will provide excellent potential for further career development.

Please write with full details of your experience to
Address : 1 FRATLEYA, UKERIDGE, UES 2AT ENGLAND

SOLVING Management Consultants

Wir sind ein leistungsstarkes, in internationalen Finanzmärkten operierendes Dienstleistungsunternehmen. Unsere Kunden sind Regierungen, regierungsnahe Institutionen und multinationale Firmen. Im Zuge des Auf- und Ausbaus unserer schweizer Aktivitäten suchen wir für unser Portfoliomanagement einen jüngeren

DEISENHÄNDLER

der nach einer qualifizierten Ausbildung im Bankwesen einige Jahre Berufserfahrung in der Devisenhandelsabteilung einer

Fähigkeiten und Kenntnisse des internationalen Geld- und Devisenhandels verfügen, können wir Ihnen sicher eine interessante berufliche Perspektive bieten. Neben Engagement und Belastbarkeit setzen wir absolute Integrität und sichere Englischkenntnisse in Wort und Schrift voraus.

Sie sollten zwischen 25 und 35 Jahre alt sein und die schweizer Nationalität besitzen. Ihr Arbeitsplatz ist im Raum Freienbach am Zürichsee.

Wenn Sie über gute banktechnische

Großbank

erworben hat.

In Ihrer Position sind Sie mitverantwortlich für die Ausführung und Dokumentation von Kundenaufträgen.

Wenn Sie über gute banktechnische

Wir bieten Ihnen ein attraktives, leistungsbezogenes Einkommen sowie gute Entwicklungsmöglichkeiten. Senden Sie bitte zum Kennenlernen Ihren tabellarischen Lebenslauf mit Zeugniskopien und Lichtbild an

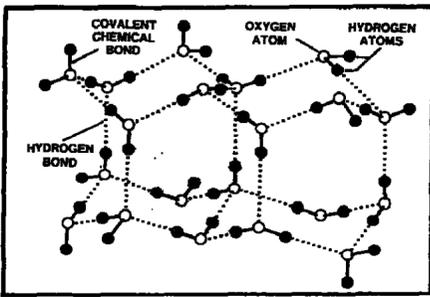
Chiffre 2233, International Herald Tribune,
Friedrichstraße 15, D-6000 Frankfurt/Main.

SCIENCE

New Kinds of Ice Further Maritime and Planetary Research

By Malcolm W. Browne
New York Times Service
NOT content with the ordinary ice that blankets their country in winter, Canadian scientists have created two new kinds — one designed to help make ships safer, and the other replicating an extraterrestrial form of water.

At the new marine institute, waves of any desired shape, height and frequency are produced by an array of computer-controlled underwater flippers. Miniature typhoons emerge from special wind tunnels. But the creation of scale-model ice posed a special challenge.



The crystal structure of ordinary ice.

At another Canadian National Research Council laboratory in Ottawa, Dr. Edward Whalley recently duplicated a more exotic form of ice that probably exists deep within some icy planets and satellites.

bonds to make an angle of 104.5 degrees with each other. The electronic bonds between hydrogen and oxygen in a single molecule are of a relatively strong type, called covalent bonds, and water is therefore a stable compound. But the hydrogen atoms also extend weaker bonds — hydrogen bonds — toward the oxygen atoms of neighboring water molecules.

IN BRIEF

World's Fastest Transistor Measured

ROCHESTER, New York (NYT) — Researchers at the University of Rochester in New York have reported measuring the world's fastest transistor, using a special optical technique that tests electronic responses.

Second Toxic Shock Bacteria Found

MINNEAPOLIS (AP) — A second bacterial toxin has been found to cause toxic shock syndrome, and it may be responsible for up to 60 percent of the cases in non-menstrual patients, according to Dr. Patrick M. Schlievert, a microbiology professor at the University of Minnesota.

Calcium Excess Seen in Kidney Illness

SAN FRANCISCO (WP) — The body's desperate attempt to regulate the amount of calcium in the body may explain why kidney patients sometimes suffer mental deterioration.

Athletic Women Less Liable to Cancer

BOSTON (AP) — Women who begin athletic training during their youth establish a style of living that significantly lowers their risk of developing cancer of the breast and reproductive organs, a Harvard study concludes.

Sinkhole in Florida Yields Evidence of Ice Age

By Greg Myre
The Associated Press
MIAMI — A sinkhole just outside Miami is revealing one of the richest archaeological sites in North America, providing evidence that humans lived here 10,000 years ago in a cool climate they shared with Ice Age animals.

The site was discovered in 1979 by a group of Dade County men who climbed into a collapsed cave and discovered large animal teeth strewn on the surface.

The site was discovered in 1979 by a group of Dade County men who climbed into a collapsed cave and discovered large animal teeth strewn on the surface.

U.S. Sees No 'Breakthrough' as Arms Talks Reopen

By Michael R. Gordon
New York Times Service
WASHINGTON — The talks on intermediate-range nuclear weapons represent the most promising area for progress at the next round of the Geneva arms negotiations, which begin Thursday, according to some Reagan administration officials.



Secretary of State George P. Shultz, left, held talks in Washington on Tuesday with Economics Minister Martin Bangemann of West Germany that included discussion of participation in U.S. research into a space defense system.

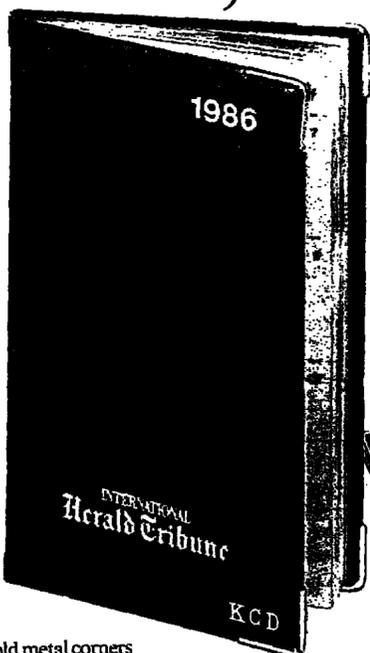
Born Minister Expects Pact On SDI Research by April

The Associated Press
WASHINGTON — Martin Bangemann, the West German economics minister, has said that he expects to complete an agreement with the United States by April that will permit West German companies and scientists to participate in research for the Strategic Defense Initiative.

DOONESBURY



Our exclusively-designed leather pocket diary is thin, flat and elegant.



No sooner was it introduced than everybody wanted one! The International Herald Tribune diary, started as a distinctive Christmas present for a few of our friends, was such a huge success that now we make it available to all our readers.

- Gold metal corners
— Plenty of space for appointments
— Tabbed address section
— Rich dark leather
— Note that quantity discounts are available.

- Format 8x13 cm (5/8 X 3 in.)
— Gold initials included

INTERNATIONAL Herald Tribune

Return Order Form to: Paul Baker, Program Coordinator, International Herald Tribune c/o Dataday House, 8 Alexandra Road, London SW19 7JZ, England.

Order form containing fields for name, address, city/code, country, and payment options (check, money order, credit card).

Arabic text at the bottom of the page: كذا من الاصل

SDI Contracts: Will U.S. Allies Be Sold Short?

This article is based on a 250-page report "SDI Budget and Contractors" that will be released in late February...

By John Pike

WASHINGTON — The Reagan administration spent much of 1984 trying to sell the U.S. allies on the strategic merits of the Strategic Defense Initiative (SDI)...

Barrier 1: The Anti-Ballistic Missile (ABM) Treaty of 1972

It is the greatest barrier to the participation of allied corporations in SDI. Almost half of the SDI program consists of work on the development and testing of anti-missile components limited by the ABM Treaty.

The treaty specifies that "each party undertakes not to transfer to other states... ABM systems or their components limited by this treaty."

The treaty defines this to include the obligation "not to provide to other states technical descriptions or blueprints specifically worked out for the construction of ABM systems and their components limited by the treaty."

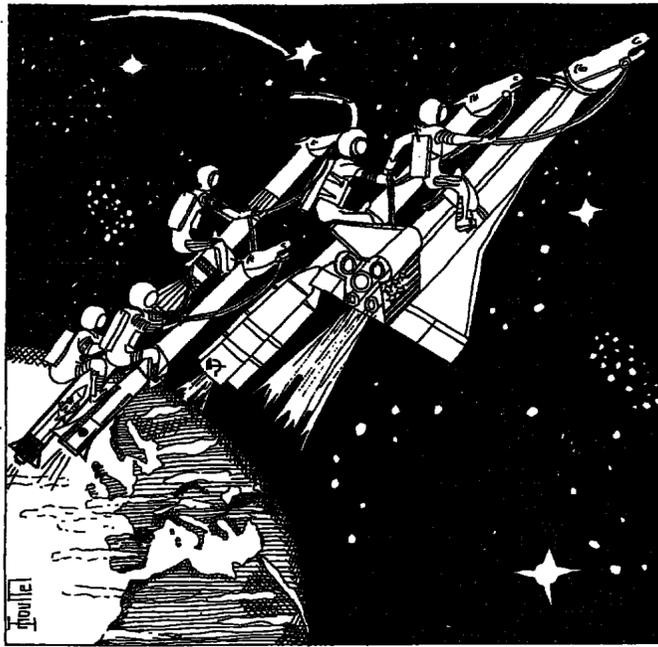
It is difficult to imagine how non-U.S. corporations could join in these projects without access to "technical descriptions or blueprints." Allied companies could perhaps work as subcontractors, doing basic research on very small devices and subsystems...

Barrier 2: Restrictive American contracting regulations

The demanding requirements of defense against ballistic missiles, coupled with American restrictions on contracting with non-U.S. firms, will place additional limitations on allied participation in the SDI program.

(Continued on Next Page)

John Pike is associate director for space policy at the Federation of American Scientists. He is the author of a number of articles and studies on space and national security policy...



China Turning to Space To Explore Its Resources

By Peter Middleton

LONDON — About 2,200 years ago, in the ancient Chinese capital of Xian, more than 6,000 life-size pottery soldiers and horses were buried in perfect battle array to guard the tomb of Emperor Qin Shi Huang.

Today, just down the road from this terracotta army — among the most spectacular archaeological discoveries of the century — Chinese scientists from the Xian Institute of Radio Technology are developing space-based electronic sensors designed to unearth minerals whose export will help balance China's foreign-trade account...

The special high-resolution Xian sensors will also enable Chinese agronomists to study crop development in the tiny fields crammed into every usable corner of this largely arid country...

The Chinese earth-resources satellite carrying the electronic imaging devices and their associated data-transmission systems could go into orbit as early as 1988 — supplementing aerial photography and following on from a series of less sophisticated indigenous spacecraft...

Despite Beijing's rift with the Soviet Union in 1960, which left China in a technological vacuum, and the subsequent upheavals of the Cultural Revolution, when some felt that it was better to be Red than expert, the Chinese have achieved some notable, if unspectacular, successes in space.

In a land where the bicycle is still the primary mode of personal transport and the animal-drawn cart is only now giving way to mechanization, it is no mean achievement to have flown Long March-3 rockets, weighing more than 200 tons and comparable to Europe's Ariane and the Titans best known for launching U.S. Gemini two-man orbital missions.

The Chinese have no aspirations for manned space-

flight and their recently announced intention to compete commercially with both Ariane and the U.S. space shuttle for launching communications satellites might even be premature.

China has a deep-rooted tradition of aerial achievement. Silk is known to have been produced as early as 2600 B.C.; there has always been a plentiful supply of bamboo, and ancient literature is sprinkled liberally with flying legends.

China also gave birth to gunpowder, which may have been used in exploding bamboo firecrackers in the Qin dynasty at about the time that the terracotta army was buried.

The Chinese aerospace industry is a late starter, having only really developed after the formation of the People's Republic in 1949. It has never been overendowed with resources and has concentrated mainly on building and developing Soviet military aircraft.

Development of Chinese space boosters, however, appears to have been conducted largely independently of Soviet technology, as has work on all but the earliest examples of Chinese nuclear ballistic missiles...

The Chinese have three different Long March rockets capable of placing payloads into orbit, including the small CZ-1 and the larger CZ-2, both of which Western experts believe, are closely related to ballistic-

(Continued on Next Page)

U.S. Sets Busy Agenda In '86 With Planetary Probes, More Shuttles

By Thomas O'Toole

WASHINGTON — What promises to be the busiest and most demanding year of the U.S. space agency got under way this week when the space shuttle Columbia flew into orbit with a crew of seven on the 24th shuttle mission in almost five years.

After a record seven postponements, Columbia blasted into space Sunday on the first of a record 15 shuttle flights in 1986. The shuttle's timetable includes two flights in March, two flights five days apart in May and three flights in September.

The 1986 schedule includes four flights for the Pentagon, the first shuttle flight from the West Coast and three flights that will carry scientific spacecraft that are to go either into Earth orbit or on missions to Jupiter and the sun.

The 15 shuttle flights scheduled for 1986 will prove whether the National Aeronautics and Space Administration can keep up an accelerated launch rate. In one year, the annual rate went from nine to 15, and the agency hopes to increase that rate to 24 by the end of the decade.

The space agency now has two launch pads at the Kennedy Space Center in Florida and will inaugurate a third in July at Vandenberg Air Force Base in California...

There will be more than shuttle launches in 1986. On Jan. 24, a Voyager-2 spacecraft that was launched in 1977 will encounter Uranus, the seventh planet out from the sun.

In the first encounter ever with Uranus, Voyager-2 will fly by the planet just beyond its outermost rings at a scant 18,000 miles from Miranda, the innermost of its five known moons.

Uranus is also circled by nine rings of dust and ice. These rings may be the darkest objects in the solar system.

On Feb. 9, Halley's comet will make its closest approach to the sun since 1910. Its approach is the 30th to be recorded, the first being in 240 B.C.

ing French cameras; a spacecraft named Giotto built by the European Space Agency, and a Japanese spacecraft named Planet-A that will follow the comet from a distance and photograph its 50-million-mile-long tail.

Astronomers aboard Columbia will also photograph the comet in March from Earth orbit, using three ultraviolet telescopes developed solely to study the comet.

The best pictures of the comet are likely to be taken by the Soviet spacecraft and the European Giotto, which is expected to come as close as 310 miles to the comet's head.

The French cameras aboard the

exercise. The spacecraft will linger around Jupiter for more than 11 months. Eventually, the planet's intense radiation fields will burn out the spacecraft.

In August, the space shuttle Atlantis will return to orbit carrying the \$1.2-billion Space Telescope, the most expensive instrument sent into space.

The Space Telescope will peer 10 times farther into space than any telescope on Earth. This means it will look back in time at events in the cosmos that happened almost 14 billion years ago.

"We're being given an observatory that will allow us to do the meteorology of the entire solar system," said James Westphal of the California Institute of Technology.

Beyond 1986 lie some important milestones in space exploration. In April 1988, the shuttle will release a robot spacecraft with a radar dish three times the size of the spacecraft. The craft, the Venus Radar Mapper, should arrive in orbit around Venus in July 1988.

Using its radar, which is capable of "photographing" features as small as a kilometer across, the spacecraft will create a map of almost the entire surface of the planet.

On Aug. 24, 1988, Voyager-2 will encounter Neptune and make the closest planetary flyby ever attempted in an effort to solve some long-standing mysteries.

Neptune has a puzzling internal heat engine that radiates twice as much heat as it gets from the sun. One of its moons, Triton, is believed to be the only one in the solar system that moves backward.

In August 1990, a spacecraft called a Mars Observer will leave from the space shuttle on a mission to Mars. A year later, the spacecraft will orbit Mars and try to find out why it apparently lost all its water millions of years ago.

Budget and politics permitting, the United States should put into orbit between 1992 and 1993 the beginnings of the first permanent space station. The \$8-billion station will be at least partly financed by conglomerates of Japan, Australia, Canada and the 11 nations of the European Space Agency.

Its first crew, probably three men and three women, will stay aboard the station for six months. They will then be replaced by eight astronauts who will set up living quarters, a biological laboratory, a small space factory and an observatory whose telescopes and instruments can either be turned toward Earth or out toward the stars.

The United States hopes to put into orbit between 1992 and 1993 the beginnings of the first permanent space station. It will be at least partly financed by international conglomerates.

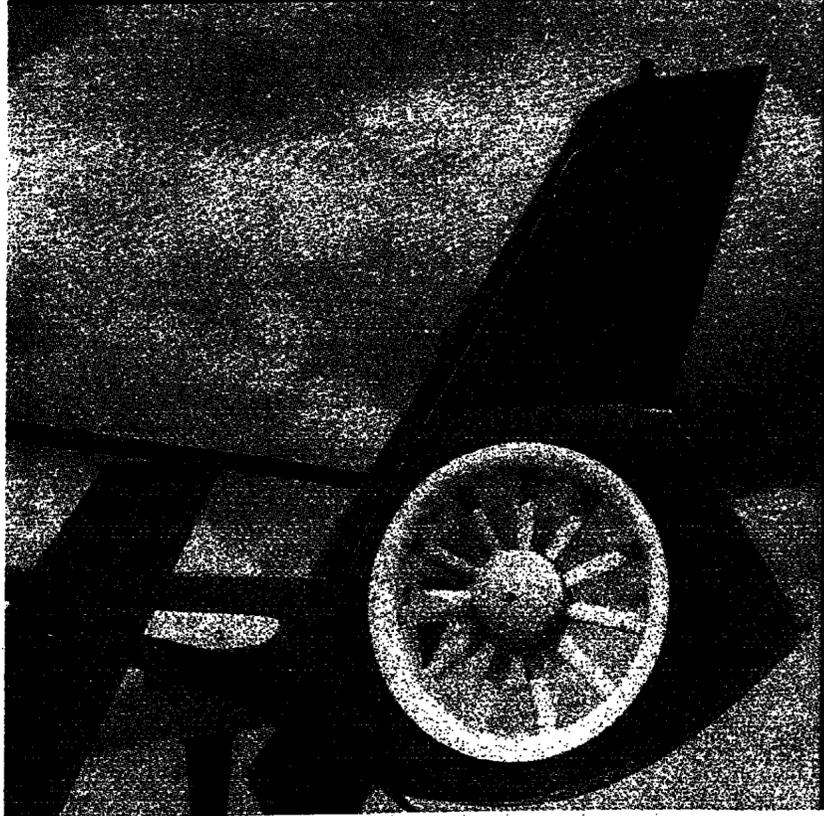
ing French cameras; a spacecraft named Giotto built by the European Space Agency, and a Japanese spacecraft named Planet-A that will follow the comet from a distance and photograph its 50-million-mile-long tail.

Astronomers aboard Columbia will also photograph the comet in March from Earth orbit, using three ultraviolet telescopes developed solely to study the comet.

The best pictures of the comet are likely to be taken by the Soviet spacecraft and the European Giotto, which is expected to come as close as 310 miles to the comet's head.

The French cameras aboard the

How to save a drowning man in a 35-knot crosswind



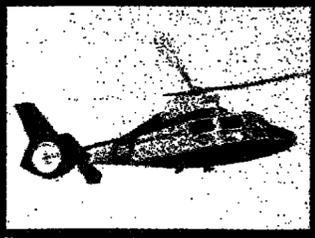
Rescue work at sea is seldom done in fine weather and calm seas. That's why the United States Coast Guard demands stringent requirements for their helicopters, including stability in flight — even in strong crosswinds — and protection against potential tail-rotor accident hazards.

To meet the Coast Guard's challenge Aerospatiale used its innovative "fenestron" technology. Advanced technology first introduced in the Gazelle in 1966, technology which has consistently proven performance, stability, safety and reliability.

This proven technology has caught the interest of the U.S. Army. The "fenestron" has been requested in the specifications for the Army's next generation helicopter... the LHX.

As we see it, advanced technology is synonymous with increased operational safety and reliability. This means adopting leading-edge technology to satisfy our customer's needs, which is one reason why the U.S.C.G. as well as fire departments, police units, hospitals, armed forces, and VIPs the world over place their trust in Aerospatiale... the world's leading helicopter exporter.

that's special that's aerospatiale.



aerospatiale

IN BRIEF

Best Transistor Measure

Researchers at the University of Illinois have reported measuring the world's smallest optical transistor...

Shock Bacteria Found

A second bacterium, called a bacteriophage, has been found that can kill cancer cells...

Seen in Kidney Tissue

The body's immune system may be able to fight off cancer cells by attacking them in the kidney...

Less Liable to Cause

Research shows that a certain type of bacteria is less likely to cause disease than previously thought...

is Talks Reopen



Researcher expects to complete research by April

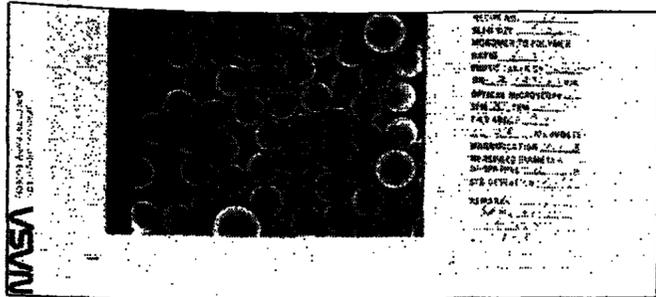
er Expects to Complete Research by April

er Expects to Complete Research by April

er Expects to Complete Research by April

er Expects to Complete Research by April

A SPECIAL REPORT ON SPACE



A NASA photograph showing changes in latex particles in space.

Commercial Potential: The Reality Profits From Microgravity Still a Matter of Speculation

By Joan Feldman

WASHINGTON — How commercial will space really be? In the United States, there are hopeful predictions about putting space development into the hands of the private sector.

and an enthusiastic business community, the United States has not "developed ways to involve its private sector effectively in applications of space technology."

Other than in telecommunications, the report said, governmental actions conflict with stated goals.

Nonetheless, the report said, business ultimately will not be deterred.

"In space transportation and remote sensing, competition from U.S. government-operated systems is a significant impediment."

Nonetheless, the report said, business ultimately will not be deterred.

"The trend is toward more U.S. private investment in space systems," it said.

"If current trends continue, there will be a wide array of privately financed space activities by the mid-1990s."

The problem is how to get there with the least cost and strain.

Because of budget pressures, the government has tried to cut back the space shuttle program.

Now, it must decide whether it will continue to subsidize shuttle launch costs in order to compete with the European Ariane launch prices or raise prices to recoup its considerable investment.

The latter approach would have the dual purpose of making private launch companies more competitive.

On the other hand, charging full price to companies that are contemplating or already experimenting in space with projects such as drug and supercrystal production could discourage these initial attempts at commercial applications.

The National Aeronautics and Space Administration is creating the basis for more competition with industry.

It recently approved the application of Space Industries Inc. to operate an unmanned space station containing manufacturing platforms.

The company estimates the total launch costs will be about \$250 million, although the total project cost may be double that; but, in order to nurture commerce in space, NASA said Space Industries will not have to pay it back until the company starts generating revenue.

There are no data that show the costs offset savings [over manufacturing on Earth], he said.

Johnson & Johnson, an early enthusiast, has dropped its joint project with McDonnell Douglas to make pharmaceuticals in space.

It has decided that a very expensive genetic engineering process on Earth will, in the end, be cheaper.

According to the OTA report, despite an early lead

Direct Broadcast Satellites Are Taking to the Air in '86

By Bigid Phillips

PARIS — With 1986, dawns the era of high-power satellites designed to beam quality television pictures directly from space to the private home.

Until now, the heavens have been populated by low- and medium-power satellites that require a large ground antenna for good reception.

The programs are beamed to a central receiving point and then distributed by cable to individual homes.

In the United States, large backyard dish antennas have been used to capture these signals on their way to the receiving points.

The more powerful satellites will be able to send programs directly to homes equipped with a conveniently sized dish (under one meter).

These high-power satellites are about to take their place in space when West Germany and France launch the first two direct broadcast satellites (DBS) this year on Europe's Ariane rocket.

But what should be an exciting advance in space development has turned sour even before the first launch.

There are questions about how the technology will work and how long it can function in space or whether the cost of such equipment can ever be justified.

And there is widespread concern that the technology, philosophy and politics behind the DBS are out of date.

The \$330-million West German TV-Sat is due to be in space in July and should be operational by the fall.

It has four channels, three that will be used for television and one for 16 compact-disk-quality radio channels.

But as yet, the West German authorities do not know who will provide the programming or what that programming will be.

The federal government in Bonn, which is responsible for the satellite, is waiting for answers from the Länder, or state governments, which have authority for broadcasting.

What is clear is that the programming will be largely directed at an audience within West Germany.

France, on the other hand, has a different objective in mind with its 3-billion-franc (\$396-million) TDF project.

Télédiffusion de France intends to provide the first DBS service that will virtually cover all of Europe.

A possibility that arises from an accident of geography. In 1977, an international conference set the broadcast limits, or "circular footprints," that each country can cover with a DBS.

The French allocation had to include its island of Corsica in the Mediterranean, which gave France the biggest "footprint" in Europe and one that spills into most West European countries.

But from that fortuitous starting point, France has faced trouble.

Dividing up the four channels on the French satellite has become a political issue and one with more important commercial implications than in West Germany.

And the orbiting of TDF-1 was delayed because of an aborted Ariane launch last summer, setting back the start-up date to early 1987.

In France, as in West Germany, questions also are being asked about costly projects that, with revenues from the lease of only four channels, will almost certainly not

see a return on investment over the estimated seven-year life of the satellites.

According to one satellite expert, France and West Germany will be acting as "pathfinders," while other major countries such as Britain and the United States hang back and judge the market for the technology.

That role does not bother the French. France has set national priorities that rely on the DBS: high-quality images and reasonable cost of ground equipment (approximately \$1,000 per dish).

Charles Okrich, deputy director in charge of space projects for Télédiffusion de France, a government agency, argued that state-of-the-art technology should not be rejected before it is tried.

"Our commitment is to offer the cheapest, best-quality system for the consumer," he said.

But Volker Steiner, project manager for national satellites in the West German communications ministry, said, "Perhaps it is not necessary to have such high quality. Other countries do not have the quality mania that we have."

West Germany will go ahead with its TV-Sat-1 and TV-Sat-2, but is looking toward other possibilities for the next generation of satellites.

One option is the proposal for a European satellite, called Europesat.



Model of France's direct broadcast satellite.

Europesat is still only at the study stage by Eutelsat, the inter-governmental organization that develops and constructs telecommunications satellites for Europe.

The future, according to Eutelsat, lies in the Europesat formula of a communal satellite much less powerful than the French and West German DBS.

Hard-Hit Satellite Insurers Hoping for a Rescue

By Theresa Foley

WASHINGTON — Don't try to tell the insurance industry about the rich rewards to be made by investing in commercial space projects.

Since February 1984, when two satellites launched on the space shuttle failed to achieve their correct orbits, the insurers have seen one loss after another.

The industry hit bottom last September following the loss of three satellites in a three-day period.

But today, the insurers are hoping that their fortunes may be improving.

Although they have lost more than \$500 million since they started insuring satellites in 1968, the recent successes of the U.S. space agency in rescuing and repairing faulty satellites, and the higher premiums that now are being charged, make the outlook somewhat less gloomy.

In 1985, underwriters were hit hard by a succession of satellite failures.

Two Hughes Leasats, built to provide communications services for the U.S. Navy, failed, costing insurers \$85 million apiece.

An Ariane rocket failure in September resulted in the destruction of GTE's Spacenet 3 and Eutelsat's ECS-3, forcing underwriters to pay

another \$150 million in claims. Those losses followed three major failures in 1984, costing the insurers \$285 million.

It has been the daring work of the National Aeronautics and Space Administration's astronauts that has helped to prevent the collapse of the insurance market.

A collapse that would have serious consequences for the future of the satellite communications industry.

Although the success of the shuttle crews at repairing and retrieving satellites has not brought financial return to the underwriters yet, it has given them, as one broker pointed out, an emotional boost.

Another broker, Michael Hewins, a vice president of Johnson & Higgins, said the satellite repair work has created "a confidence factor that if a satellite is lost

in low Earth orbit, you might be able to go up and fix it." But, he noted, the problem of satellite retrieval is illustrated by the case of Palapa B2 and Westar 6.

Those satellites were salvaged by the shuttle more than a year ago and have been for sale since. They seem to have become the first space white elephants.

Underwriters not only paid the satellites' owners \$180 million for the losses, they also were stuck with a \$10-million bill for the retrieval.

Changes in space insurance practices proposed by the industry should help make a difference for underwriters. They are asking for higher premiums for basic coverage and specialized add-ons, increased deductibles combined with reduced amounts of coverage and more restrictive wording in the policies.

SDI Contracts: Are Washington's Allies Being Sold Short?

(Continued From Previous Page)

companies have little expertise. The United States has been working on anti-missile systems for almost 30 years, creating an industrial base in the United States that is lacking in Europe.

The allied competitive disadvantage is illustrated by the absence of non-U.S. firms from SDI contracting to date.

Since President Ronald Reagan delivered his so-called "star wars" speech on March 23, 1983, setting forth his proposal for a space-based missile defense, more than 1,000 contracts worth more than \$3 billion have been signed.

All of these contracts are with American companies.

Although allied tactical military systems frequently equal or surpass their American counterparts, expertise in tactical weapons may not carry over to strategic weapons.

For instance, the guidance and propulsion technology of short-range anti-aircraft rockets fall far short of the requirements posed by anti-missile interceptors, whose accelerations, speed and range must all be more than an order of magnitude greater.

This has important implications for American contracting procedures. Defense Department regulations prohibit research contracting with allied companies if American companies are able to perform the

work and to do so at lower cost. Allied contractors are even barred from attending briefings on proposed contracts if their expertise is not regarded as sufficiently advanced to allow a reasonable expectation of winning a contract competition.

The United States also imposes strict limitations on the export of advanced military systems through the "militarily critical technology list," which includes virtually the entire SDI program.

These technologies are subject to strict licensing and facility security restrictions, further hampering allied access to these technologies and impeding allied collaboration in SDI.

Barrier 3: The commercial potential of some SDI technology.

The SDI program is unlikely to have significant commercial benefits, but to the extent that it does, allied companies are unlikely to receive contracts with spinoff potential.

Most of SDI consists of arcane technologies that are irrelevant to commercial use. Strict military secrecy will prevent their widespread dissemination. Indeed, these exotic technologies have only limited potential for military missions other than anti-missile defense.

But if the U.S. Congress believes the claims for the SDI's commercial potential, it is unlikely to permit the use of SDI money to subsidize allied competition for

American companies in areas such as computer hardware and software, as well as space transportation, advanced materials and nuclear reactors.

Barrier 4: Some of the work must be performed in the United States.

About \$1 billion of the SDI consists of activities that by their nature must be performed in the United States.

For example, most of the work on free electron lasers is done at Lawrence Livermore National Laboratory in Livermore, California, and Los Alamos National Laboratory in New Mexico, and it would be difficult for allied contractors to make a significant contribution to these efforts.

Barrier 5: The competitive environment.

Given all these barriers, there is only about \$1 billion in the SDI program that allied companies could bid for, based on the list of 18 areas of opportunity listed in the memorandum signed by the British government. However, these contracts will also be eagerly sought by many qualified American companies. It would be surprising then if allied companies won as much as a third of them, at most \$300 million, over a five-year period. In reality, the total could be much less.

Barrier 6: Problems with satellites.

Recognizing the many barriers facing allied companies, SDI has established at least two areas where non-U.S. contractors are virtually guaranteed a piece of the action.

The most visible SDI contract in Europe will probably be the award this spring of a contract worth perhaps \$10 million for support of SDI sensor experiments on a shuttle flight in 1987.

Sperry has teamed with the West German firm of Dornier GmbH, and Boeing Co. has teamed with the West German firm of Messerschmitt-Bölkow-Blohm GmbH. Although one of the West German-U.S. teams is likely to win the competition, the award may prove controversial since there are technical deficiencies in both of the joint proposals.

The main area of allied participation is the development of Anti-Tactical Missiles (ATM) defenses, the so-called "European Defense Initiative" (EDI). But because of the shorter ranges involved, the European defense cannot have the numerous "layers" of weapons envisioned for the American system.

With only one or two chances to intercept Soviet warheads, European missile defenses have little chance of being a perfect defensive shield for populations.

A more realistic mission for these weapons would be the defense of military facilities such as

airfields. But the primary efforts of the North Atlantic Treaty Organization in this area do not involve shooting down missiles in flight.

Passive defenses such as dispersal, concealment and hardening military assets are far more cost-effective. Vast amounts of concrete can be poured to protect airfields for a fraction of the cost of high-tech anti-missile weapons.

In addition, NATO plans to attack Soviet missiles before they are launched as part of the "Rogers plan for follow-on forces attack" using emerging technologies.

Since the memorandum with the British is to be kept secret, "in perpetuity," it is not clear which if any of these barriers to allied collaboration in SDI have been breached.

To the extent that these barriers have been broken, the barriers may be quickly restored. In December, Congress prohibited specific subsidies for allied SDI contracting.

To the extent that the barriers to extensive participation remain, allied support for SDI, and the administration's current posture in the Geneva arms talks, will likely decline, leading to calls to trade in the Strategic Defense Initiative for reductions in offensive forces. The paltry sums of money offered to "rent" support may serve only to strengthen allied skepticism of SDI.

China Uses Space to Probe Its Land

(Continued From Previous Page)

Launching of a second experimental communications satellite by CZ-3 is imminent, however, and a polar orbiting weather satellite is being developed in Shanghai for launch in 1987.

While China is using its own resources to develop and launch satellites at the rate of one or two a year, it is also pursuing a policy of buying from abroad spacecraft and equipment that are beyond its immediate development and manufacturing capacity.

These purchases will include four Western-built, direct-broadcast television satellites, primarily for mass-educational purposes. Three of these will fly aboard Arianes or shuttles in 1987-88, but the fourth could be orbited by CZ-3.

While awaiting its own remote-sensing spacecraft, China has also bought a ground station for receiving U.S. Landsat earth-resources images, although for Chinese agricultural purposes they are inferior

to those promised by indigenous equipment and that aboard the French Spot spacecraft.

This pragmatic approach to acquiring space hardware of broad economic significance may be wise because most developments in China seem to take longer than expected.

Nevertheless, as it enters its seventh five-year plan with its doors opened to the world and its agricultural production finally more than adequate to feed its population, China is poised for unprecedented industrial expansion.

If it survives the stresses of transition to modernity without retreating into its political shell and reverting to an "internal" economy, the new China will place increasing emphasis on developing high-technology industries such as aerospace, not only for their products but also as forcing grounds for the latent talents of its young people.

Advertisement for Aerospatiale featuring the text 'How to fly a big airplane with the tips of your fingers?' and 'That's special that's aerospatiale.' It includes an image of a hand on a control stick and the Aerospatiale logo.

سكنا من الاله

A SPECIAL REPORT ON SPACE

Russians Push Reconnaissance Missions

By Richard S. Tuttle

WASHINGTON — Vladimir Vasyutin was sick — so sick, in fact, that he had to go home.

This would not have been a problem for the average Russian on the job, but this case was different.

The 33-year-old Soviet Air Force lieutenant colonel was in orbit, 200 miles (320 kilometers) above the Earth, and was in command of the Salyut-7 space station complex with two other cosmonauts reporting to him.

Lieutenant Colonel Vasyutin and two comrades had been launched from the Soviet Union on September 17, 1985, aboard the Soyuz T-14 spacecraft.

Things had gone well for more than a month following their docking with Salyut. Since mid-November, however, Lieutenant Colonel Vasyutin had become increasingly immobilized by a cold with severe complications, including inflammation and a high temperature.

Attempts to cure the illness in space had been unsuccessful and another cosmonaut had been forced to assume his duties. As a result, Soviet mission control officials decided to terminate the flight and get Lieutenant Colonel Vasyutin to a hospital.

Despite high winds, the landing was made successfully in southern-central Soviet Union on Nov. 21, and Lieutenant Colonel Vasyutin was flown immediately to Moscow for treatment. He was released from a hospital there on Dec. 20.

The event marked the first time in the 24-year history of manned space flight by the United States and the Soviet Union that a mission had been cut short by illness and, although many scientific objectives were accomplished during the 65-day expedition, Soviet officials were disappointed that it had not lasted longer.

But even though there was only one other Soviet manned space flight in 1985 — compared with three in 1984 and a high of six in 1980, according to James E. Oberg, a space analyst of Houston — the Russians still accumulated 10,056 man-hours in space, bringing their overall total to 98,371 hours.

Astronauts aboard the American space shuttle had 9,130 man-hours in nine separate flights last year for a total that was less than half that of the Soviet Union — 41,482 hours.

And the Russians accomplished

In addition, the Soviet Union launched the unmanned Progress-24 cargo vehicle to resupply Mr. Dzhanibekov and Mr. Savinykh; Cosmos-1669, an unusual modified Progress that also docked with Salyut, and Cosmos-1686, another unmanned resupply vehicle that weighed about 44,000 pounds, twice the size of a Progress and nearly as much as Salyut itself.

At year-end, it alone remained attached to Salyut-7, which apparently was ready to receive additional cosmonauts in 1986. Salyut-7 was launched in 1982.

In 1985, cosmonauts also accom-

plished the first-ever handover of control in space from one crew to another. This was seen as an important step to permanently manned space stations. The news agency Tass said the technique could also be used, eventually, on flights to neighboring planets.

Meanwhile, military reconnaissance of Earth was a top priority for the Soviet Union. In 1985, it continued a very active space launch program, logging 98 missions, including the manned and man-related missions, up from 97 in 1984 but three short of the high of 101 in 1982.

By one count, 28 of the 98 launches were for reconnaissance. The total number of launches for all purposes by all other countries last year was only 23 — 17 for the United States, three for Europe, two for Japan and one for China.

While short flights, some lasting less than two weeks, continued to typify the Soviet military space reconnaissance program in 1985, one record-breaking mission — the 207-day flight of Cosmos-1643 — showed continued Soviet interest in long-duration missions.

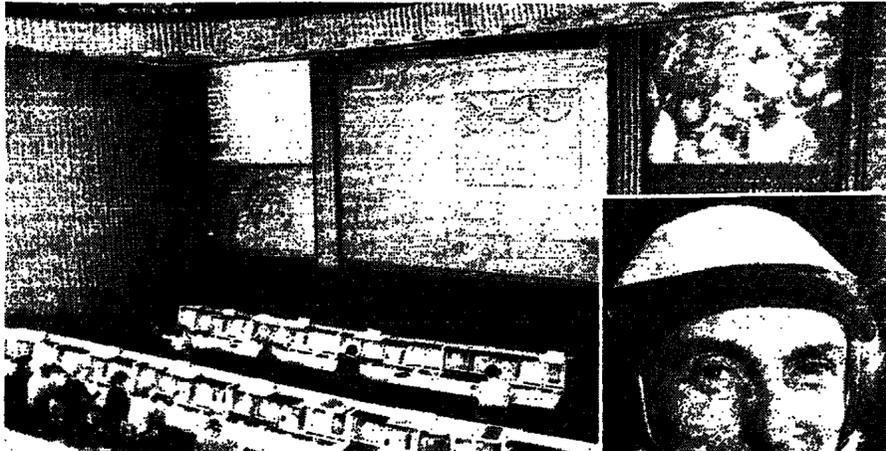
The first of the type, Cosmos-1426, was launched in 1982 and stayed up 67 days. The second, Cosmos-1552, launched in 1984, was recovered after 173 days. Comparable U.S. flights last about 1,000 days and are one reason why the annual U.S. launch rate is so low.

The large number of Soviet reconnaissance satellites may reflect less advanced technology, but it may also reflect an intent to have a system that would last longer in time of war than one with just a few, very expensive assets.

The Soviet reconnaissance missions are launched from two sites — Plesetsk near Arkhangelsk and the Baikonur Cosmodrome at Tyuratam near the Aral Sea. The latter is also the launch site for the manned and man-related missions. Most reconnaissance missions are from Plesetsk.

In addition to the manned, man-related and reconnaissance flights, the Soviet Union in 1985 had a number of other flights, according to several observers, including Geoffrey E. Perry of Britain's Kettering Group and Nicholas L. Johnson of Teledyne Brown Engineering in Colorado Springs.

Mr. Perry said that other major Soviet missions last year included 14 launches for communications, nine to gather military electronic intelligence data, two nuclear-



The control room during launch of Soyuz T-14. Lieutenant Colonel Vasyutin, right.

powered satellites to help keep track of naval vessels, seven for early warning of ballistic missile attack, seven for navigation, seven for information on mineral and other Earth resources, three to monitor weather, one with biological specimens and one purely for science.

Although the Soviet Union did not launch any probes to the planets in 1985, two such probes launched in late 1984 rendezvoused with Venus in June and were on their way to Halley's Comet which they are due to intercept in March.

There were no Soviet anti-satellite (ASAT) tests in 1985 either, but shortly before the American ASAT test of Sept. 13, in which an old but still operating U.S. satellite was destroyed by an aircraft-launched missile, Moscow warned that if Washington went ahead, it might resume its own tests. They have been suspended since 1982.

Several Soviet missions could not be readily explained. One was launched on June 21 from Tyura-

tam but, in a departure from the norm, was never announced. Tracking devices in the West discovered debris shortly after the launch in an orbit indicating a failed reconnaissance satellite, but observers were not satisfied that this was the proper explanation. The space junk re-entered the atmosphere about a week later.

The launch of Cosmos-1714 on Dec. 28 — the last Soviet space launch of the year — was apparently a failure because it went into an unusual orbit that meant re-entry in mid-February 1986. Others of the same type, whose mission is unclear, will be up for years.

The intriguing aspect of Cosmos-1714, in addition to its unknown mission, is that it may mark the use of a new kind of launching rocket. Analysts suspect that one other satellite of this class, Cosmos-1697, which was launched on Oct. 22, may also have used the new booster. And there are indications that the same type of rocket launched three navigation satellites in one on Dec. 25.



Lieutenant Colonel Vasyutin, right.

Experts Are Still Looking For Cure to Spacesickness

WASHINGTON — When astronaut Joseph P. Allen came back to Earth three years ago after serving as a crewman aboard the space shuttle Columbia, he delivered a first-hand account of what the illness called spacesickness was like.

"Some doctors have said spacesickness is like seasickness," Mr. Allen said. "I disagree. The way I understand it, seasickness is a disturbance of the inner ear that makes people violently ill and incapacitated. Neither of our two crew members who were spacesick had inner-ear disturbance."

He added, "None of the shuttle astronauts who suffered space malaise experienced it where there were no windows to look out. Maybe that means it has something to do with what the eyes see, looking out the big windows on the flight deck."

"In one case, one of our crew was putting up the sun shades to go to sleep and he regurgitated when he looked up and saw the Earth in a place he didn't expect it."

Mr. Allen and other astronauts are helping the National Aeronautics and Space Administration's flight surgeons learn about "space adaptation syndrome." About half of the shuttle astronauts suffer from spacesickness.

During the early days of space flight, astronauts took routine physicals before and after their missions. Now, they go through exhaustive physicals before and after flights and perform medical tests in orbit on themselves.

The reason for this new medical regime is the recognition that the body undergoes a great number of changes in weightlessness.

In space, a person experiences a series of acceleration forces equivalent to three times the force of gravity on Earth.

Space flight crews are pushed back hard against their seats as they ascend into orbit. They have difficulty moving their arms and legs, blood rushes to their feet, their pulse and heart rates may double and they get a feeling of emptiness in their stomachs.

After about 12 minutes of this, they suddenly emerge into weightlessness, which is like the feeling

when an elevator falls very fast. In space, however, the feeling lasts and results in some unusual responses in the body.

Dr. Arnold E. Nicogossian, director of NASA's Life Sciences Division, said: "The force of gravity creates a pressure difference between the head and the feet roughly equal to the pressure difference between the surface and the bottom of about six feet of water. This difference helps to pull fluids down toward the feet while continuous muscle contractions in the legs, one-way check valves in the veins and the pumping action of the heart prevent these fluids from pooling in the feet and assists the rest of the body to move freely against the force of gravity."

In weightlessness, none of this happens. The experience of weightlessness can be duplicated on Earth only by assuming a yoga-like stance with the head facing down. Leg veins empty in weightlessness and fluids migrate to the upper body. As a result, the body's regulators are stimulated to move almost two quarts of body fluids from the lower part of the body toward the head.

To adjust for this "volume overload," the body takes corrective action. Blood volume is reduced, blood chemistry is changed and hormone levels are readjusted. Once in orbit, the body tries to adapt to weightlessness.

When an astronaut returns to Earth, gravity once more pulls fluids toward the feet. But this time, the volume of body fluids is less than normal. Blood drains from the head and dizziness often results.

The effects of weightlessness on the muscles and bones is a more serious problem. Next to radiation from the sun and from distant stars, the loss of muscle consistency and bone matter may be, as Dr. Nicogossian said, "the single critical factor to determining how long humans may remain in space."

"Even a week in orbit shrinks muscle, lowers bone density and even reduces the heart in size," he said. "The average calcium, muscle and heart loss is between 10 and 15 percent."

— THOMAS O'TOOLE

Japan Investing in Space Industry as Bulwark Against Uncertain Future

By Lucille Craft

TOKYO — Even if all goes according to plan, Japan will not have a rocket comparable to the U.S. space shuttle or Europe's Ariane-4 until 1991. The nation's first commercial communication satellite is not set for launch until 1988. And Japanese researchers, meanwhile, are frustrated by a budget one-fiftieth the size of that of the United States.

Without a substantial boost in funding over the existing \$620-million budget for fiscal 1985, most observers believe that Japan is not

likely to pose a threat to foreign countries in the space industry.

From a strictly business point of view, in fact, the whole idea of a Japanese space program seems like a costly flight of fancy. Yet Japanese officials and industrialists defend their country's foray into space. Despite their aggressive economic image overseas, Japanese see their country as a fragile island vulnerable to natural and man-made disasters and to disruptions in its supply lines. An investment in space, they reason, is a bulwark against an uncertain future.

"Now Japan depends on the

American security umbrella, but who knows, after 20 years," said Nozomu Takasaki of the Mitsubishi Electric Corp. He is also chief researcher for an advisory panel to Prime Minister Yasuhiro Nakasone on future national strategy. He and other Japanese evidently believe that Japan cannot depend on American power eternally.

Although Japan now has a strictly nonmilitary space program — another drawback, observers note, citing the mammoth U.S. defense-supported space commitment — Mr. Takasaki noted that launchers can be used to hoist missiles as well as satellites.

The Japanese also are anxious to capitalize on the promise of gravity-free space manufacturing, using space observation to unlock new sources of food and energy on the ground and in weather forecasting to help protect the country from earthquakes, typhoons and other natural disasters.

"Space development is the key industry of the next century, so Japan must not give up," Mr. Takasaki said, adding that despite its modest budget "Japan shouldn't be left behind other advanced countries."

As in other fields, Japan has relied on technology borrowed from abroad to build a technical base in a relatively short period of time. The Japanese are already competitive in some fields: NEC and Mitsubishi Electric, for instance, provide subsystems for IntelSat, and Japanese companies have cornered more than half the world market for ground-based receivers used in satellite communications.

Japan's existing launcher, the N-2, can hoist about 350 kilograms (772 pounds) into geostationary orbit. Sometime in the next decade, Japan plans to launch its first domestically built rocket, the H-2. But its payload — two tons — is only what the space shuttle and Ariane-4 now carry.

Japan's space applications agency, the National Space Development Agency (NASDA), plans to launch its first maritime resources satellite, MOS-1, in 1987, and an earth resources satellite, ERS-1, possibly in 1991, again, well behind what French and American companies offer today.

The first Japanese payload spe-

cialist is scheduled to be launched in 1988 aboard the U.S. Spacelab and perform 34 experiments. These include packing a tank of carp to see how and if the fish contract motion sickness and hatching a chick to examine the effects of weightlessness on the bird's bone cells.

A significant increase in spending and a decision to focus either on launchers or satellite development — each takes up about one-third of NASDA's budget — would make foreign companies start taking Japan more seriously. Tokyo is considering both a two-fold increase in space funding and a revision of its space development policy.

But even if Japan consolidates its space program, foreign aerospace representatives here say they are confident of keeping their competitive edge. The nature of Japanese industry, they say, does not lend itself to the kind of strategy that Japan applied successfully in automobiles and steel. Japan, they say, is good at producing many things cheaply, but space calls for a few big-ticket items.

Many observers believe that Tokyo has set its sights too high.

One said that Japan hardly offers grounds for concern about competition in space, but he added, "I think the Japanese can do anything they want to do."

Tiny Agency Wins Respect of Space Giants

TOKYO — Among the anomalies of Japan's space program is that it is divided in two. One group, the National Space Development Agency (NASDA), created in 1969, is relatively well-funded and garners most of the public's interest in space.

"The other agency exists on a budget roughly one-sixth that of NASDA. But last year, the largely ignored Institute of Space and Astronautical Science (ISAS) basked in the limelight when it successfully launched two deep space probes to rendezvous with Halley's comet.

"We still can't compete in sheer numbers with America or the Soviets," said Dr. Kumio Hirao, who initiated the project to probe Halley's comet. "But we're pleased that some areas of science which had once seemed completely impossible for us to investigate are now accessible."

Japan entered space technology during World War II with attempts to develop an anti-tank rocket shell, a short-distance guided rocket and a manned kamikaze-type rocket. Rocket research was banned immediate-

ly after the war. When the government returned to space research, it confined research and development to nonmilitary use, stalling the development of rockets capable of orbiting spacecraft.

"Right after the war, we had good scientists, but no budget or facilities," the ISAS director-general, Dr. Minoru Oda, said. "But these 15 to 20 years, we have reached a certain level so we can collaborate with the U.S. and Europe on an equal footing. Now, not too many Japanese scientists think about 'catching up.'"

Dr. Oda said that ISAS may be lean but that it is probably the most efficient space program in the world.

ISAS's work is aimed at complementing that of better-funded space agencies in Europe and the United States. It has launched 14 satellites since 1970, five of which are still in orbit. An X-ray astronomy mission is set for 1987 in cooperation with the United States and Britain; and in 1989, ISAS plans an investigation of how solar energy and solar plasma affect the environment.

— LUCILLE CRAFT

CONTRIBUTORS
LUCILLE CRAFT reports from Tokyo for National Public Radio. She recently worked on an American public television documentary segment on the Japanese Halley's comet mission.
JOAN FELDMAN is a Washington-based journalist and consultant who specializes in transportation.
THERESA FOLEY is managing editor of the Washington-based Space Today.
PETER MIDDLETON is associate editor of Flight International magazine.
BRIGID PHILLIPS is a Paris-based freelance journalist.
JOHN PIKE is the associate director for space policy at the Federation of American Scientists.
THOMAS O'TOOLE is a science reporter for The Washington Post covering space issues.
RICHARD S. TUTTLE is managing editor of the Washington-based Aerospace Daily.

After Concorde and Ariane, we've set our sights a little higher.
For 25 years, Aerospatiale has been a leader in supersonic transport and Europe's joint space effort. From the Diamant rocket to Ariane (for which we are prime contractor), from the Concorde to communications satellites, we've acquired a unique store of experience in space-related transportation and communications technologies.
Today, a new and compelling chapter in this odyssey has begun. One that signals the advent of Europe's own space vehicles and orbital stations. But then, Aerospatiale has already been France's emissary to the high frontier for quite some time now. At Aerospatiale, space is special.
That's special, that's aerospatiale.
aerospatiale

Statistics Index table with columns for AMEX, NYSE, and various market indicators.

THURSDAY, JANUARY 16, 1986

WALL STREET WATCH

Manufacturing Stocks Look Ready for Comeback in '86

By VARTANIG G. VARTAN New York Times Service NEW YORK — Consumer stocks have provided the leadership ever since the bull market began in the summer of 1982. But there are signs now that the long-depressed production sector of the U.S. economy is about to stage a recovery and, in the process, brighten the outlook for this stock group.

"We believe that 1986 will be a transition year from the old leadership of consumer stocks to new leadership by issues oriented to capital goods," said A. Marshall Acuff Jr., strategist for Smith Barney, Harris Upham & Co. He cautioned, however, that "since major changes in these areas are likely to be gradual, many capital-goods and cyclical stocks might perform better in the second half of 1986 than in the first six months. This sector of the market, he noted, first began to improve in the late spring and early summer of 1985.

Analysts expect four-year domination by consumer sector to end.

As a result, Smith Barney places greater relative emphasis on such groups as consumer staples and utility stocks for the months just ahead.

But Salomon Brothers thinks the time is ripe for investors to carry out some strategy changes.

"Until now, we have recommended a fairly defensive posture in equities, with heavy emphasis on consumer staples and financial stocks," the firm said. "We believe that portfolio managers should now begin to emphasize more cyclical areas, which should benefit from increased optimism about the economy."

BOTH FIRMS predicate their investment stance on the continuation of a moderate-growth economy — with no interruption by a recession — at least into 1988. But Robert S. Salomon, head of equity research for Salomon Brothers, asserted that any recession in 1987 could upset the apple cart for the period of sustained growth now envisaged.

The average postwar economic expansion has lasted about 40 months. The current expansion began in November 1982. The expectation for an expansion with a longer-than-usual life cycle is based upon continued low inflation, improving profits and the lag effect of the dollar's decline — 20 percent on foreign-exchange markets since its peak last February.

The dollar's strength in the first half of the 1980s benefited imports and prevented many domestic companies from raising prices and bolstering their profits. But this trend ultimately led many U.S. companies to cut costs, restructure and better their competitive position in the world economy.

"We now expect real gross national product growth to accelerate to 4.3 percent in 1987 from the 3.1 percent gain expected in 1986," Mr. Salomon said. GNP measures a nation's total output of goods and services, including income from foreign investment.

"Better growth means higher profits, and we have raised our estimate of earnings for Standard & Poor's 500-stock index to \$19.50 per share from \$18.25 for 1987," Mr. Salomon said. "This represents a 15-percent gain from the \$17 per share we project for 1986."

The firm's projected profit gain for 1986 is 10 percent over 1985. Profits for the S&P index last year fell nearly 7 percent from 1984.

Accordingly, Salomon Brothers has added 11 companies — basically reflecting a greater cyclical exposure to the domestic economy — to its list of recommended stocks. These are Alcan Aluminum Ltd., Digital Equipment Corp., Eaton Corp., Emerson Electric Co., Hewlett-Packard Co., Motorola Inc., Prime

Currency Rates

Table of currency rates for various countries including Amsterdam, Brussels, Frankfurt, London, etc.

Other Dollar Values table with columns for currency per U.S. dollar and U.S. dollar per foreign currency.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Rate Cut Cited As G-5 Topic

Baker Is Said To Promote Plan

WASHINGTON — West Germany's economics minister, Martin Bangemann, said Wednesday that James A. Baker 3d, the U.S. Treasury secretary, wants leading industrial nations to discuss the possibility of a coordinated cut in their interest rates.

"Interest rates are an ongoing discussion, Baker, for instance, is in favor of everybody lowering interest rates. He wants that to be discussed and, if possible, decided," Mr. Bangemann said.

Mr. Bangemann, who is in Washington to discuss West Germany's participation in research on the U.S. Strategic Defense Initiative, was commenting on a meeting of the Group of Five industrial nations in London this weekend. He held talks with Mr. Baker on Monday.

The G-5 meeting of finance ministers and central bankers is the first since an accord reached last September to drive the dollar lower in currency markets. The group comprises the United States, West Germany, Japan, Britain and France.

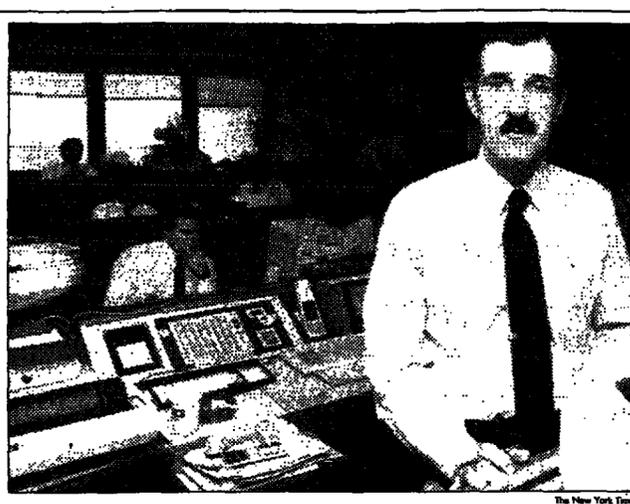
Since that agreement, the dollar has fallen significantly against the Deutsche mark and the Japanese yen, dampening protectionist sentiment in the U.S. Congress, which is concerned about the record \$150-billion U.S. trade deficit.

Mr. Bangemann and other European officials believe the decline of the dollar has fallen far enough.

He voiced reservations about Mr. Baker's idea on interest rates, saying that economic conditions in G-5 countries had to be right before rate reductions could take place. He also said he thought there had to be reductions in the U.S. budget deficit before U.S. interest rates could be reduced.

A spokesman for Mr. Baker, quoted him as saying: "My meeting with Minister Bangemann was a private meeting and I'll have no comment on his remarks."

[Bundesbank officials told the International Herald Tribune Wednesday that they had no knowledge of any plans to discuss a cut in interest rates at the G-5 meeting.]



Paul R. DeRosa of Citicorp Investment Bank who oversees interest-rate swaps.

A Booming Trade in Rate Swappers

Citibank 'Graduates' Lured Away by Competition

By James Sterngold NEW YORK — There is no plague on the door denoting it as such, but Citibank has become the leading academy for training bankers in the art of interest-rate swaps, one of the most sophisticated and hottest areas in finance today.

It is a distinction, however, that Citibank, the recognized leader in the booming swap field, clearly does not relish.

When four of its "graduates" recently left to join Bear, Stearns & Company — the third team of leading swappers to be hired away in a year, along with a number of other financial professionals — Citibank sued, alleging the financial world knew that it wanted the talent raiding halted. The suit was settled Friday, but its implicit warning did not go unnoticed in the closely knit swapping world.

Earlier last year, Citibank lost teams of senior swappers to Security Pacific National Bank and Prudential Global Funding, which operates under Prudential-Bache Securities.

All three departing teams were recruited to start new swap departments. Thus, not only did Citibank suffer from the talent drain, but it also was faced with new competitors in an increasingly cluttered field. In fact, interest-rate swaps have become (Continued on Page 15, Col. 1)

Poland Accuses West of Breaking Debt Pacts

WARSAW — Poland's finance minister accused Western governments Wednesday of breaking agreements by refusing to lend it more money, and said that Warsaw would try to get rescheduling for debts it failed to pay at the end of last year.

"In practice, a credit blockade is still maintained against Poland in spite of statements made by officials of Western governments," the finance minister, Stanislaw Niekarcz, said in a report carried by the official PAP news agency.

He confirmed that Poland failed to pay \$550 million owed by the end of 1985 to the West and said that the payment would have to be rescheduled.

Diplomats said that the Paris Club, an informal association of 17 Western creditor governments, had agreed to give Poland three months to make up the arrears.

They expressed alarm that Poland sought a rescheduling, noting that the money owed had already been rescheduled last July under an agreement with the Paris Club.

Mr. Niekarcz said that the issue would be discussed with the association next week in Paris.

The \$550 million included arrears and principal owed from 1982 and interest charges from 1981 to 1984.

Mr. Niekarcz said that in spite of trade union Solidarity was suppressed under martial law in 1981.

The United States has refused to lend more money to Poland, citing its human rights record. But diplomats said that West European governments were reluctant to lend further funds because of Poland's bleak economic scene.

Poland's hard currency debt stands at around \$29.2 billion, the highest in Eastern Europe.

Mr. Niekarcz's remarks followed release of economic data for 1985 showing that Poland's hard currency surplus fell 28 percent to \$1.08 billion, from \$1.5 billion in 1984.

Poland spent \$2.2 billion servicing its debt last year, the finance minister said.

But as loan losses and potentially bad loans began to mount in recent years, banks and their regulators have become more conservative. Last year, for example, banks put a large portion of their earnings in reserves, rather than paying them out as dividends to shareholders.

that the payment would have to be rescheduled.

that the payment would have to be rescheduled.

that the payment would have to be rescheduled.

U.S. Expected To Alter Rules On Bank Assets

By James L. Rowe Jr. and John M. Berry Washington Post Service

WASHINGTON — The Federal Reserve Board was expected to propose new rules Wednesday that would require banks to engage in riskier activities to have more capital than banks that pursue more conservative ventures, sources said.

The other two key bank regulatory agencies — the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. — were preparing to propose similar risk-based capital requirements for the institutions they supervise. All three agencies would request public comment on the changes.

For the last few years, regulators have been searching for formulas that would permit them to differentiate between banks that engage in riskier activities and banks that do not.

Riskier loans, for example, generally carry higher interest rates and higher returns to the bank. But they also pose more of a threat to a bank's health because riskier investments, such as loans to oil drillers, are more likely to go bad and cause losses than are safe investments, such as Treasury securities.

"What we're saying is that banks engaging in low-risk activities should have a lower level of capital than those that engage in high-risk activities," said one government bank regulator.

Banks that shun risks and, as a consequence, pose few threats to the system, generally earn less on their assets. But because they would be required to have less capital, they could earn a rate of return similar to that of a bank that makes riskier loans but is required to maintain more capital as a result.

In the 1970s, many banks began to make riskier loans than they had historically. To some degree, banks were forced to make loans for riskier ventures because the biggest and richest companies began to sell short-term securities directly to the public instead of borrowing from banks. But banks also sought out high-yielding loans in an attempt to boost their profits.

But as loan losses and potentially bad loans began to mount in recent years, banks and their regulators have become more conservative. Last year, for example, banks put a large portion of their earnings in reserves, rather than paying them out as dividends to shareholders.

U.S. Inventories Increase 0.2%

WASHINGTON — U.S. business inventories rose \$1.2 billion, or 0.2 percent, to a seasonally adjusted \$583.39 billion in November, the Commerce Department said Wednesday.

In October, inventories rose a revised \$3.3 billion, or 0.6 percent, to \$582.17 billion. Previously the department said that the October increase was 0.5 percent. Business sales in November rose \$6.3 billion, or 1.5 percent, following an October drop of \$3.0 billion.

Meanwhile, the U.S. League of Savings Institutions said that the number of home buyers who spent more than 25 percent of their monthly incomes on housing costs, fell to 33.5 percent in 1985 from 40.4 percent the previous year.

BAT Sell-Offs Illustrate Difficulty for European Retailers in U.S.

By Isadore Barmash New York Times Service

NEW YORK — This week's decision by the London-based BAT Industries PLC to sell its 36 Gimbel stores is just the latest illustration of the difficulties foreign companies have had in operating U.S. retailers.

Korvettes was closed only three years after it was bought by the Agache-Willot group of France.

The Fedmart discount stores in California lasted about eight years after being bought by a West German retailer, Hugo Mann. And the Ohrbachs clothing store chain has been in a long slump after its purchase 15 years ago by the Breininkmeyer interests of the Netherlands.

The string of failures and disappointments — broken only by an occasional success story — is largely the result of a failure to appreciate the differences between the European and U.S. markets, retailers, analysts and consultants said Tuesday, a day after BAT announced that it would sell the Gimbel, Kohl, Frederick & Nelson and Crescent chains. It said it would keep five retail businesses: Saks Fifth Avenue, Marshall Field's, Iveys, Breuners and Thimbles.

And most of the same experts added that the eagerness to buy U.S. assets at a bargain price often led foreign buyers into ill-advised purchases of stores that already were losing their competitive edge.

"The international purchasers have difficulty understanding the differences between their market and ours," said Walter K. Levy, a New York retailing and marketing consultant.

"In the United States, our stores have a very distinct national brand orientation because shoppers demand it," he said. "In Europe, retailers generally lease apparel space to manufacturers in their stores, leaving it up to the lessee to operate as he wishes, whether it is with brands or without."

Also, he added, European retailers have no involvement with mark-downs, which are the manufacturers' responsibility. That is the opposite of the practice in the United States.

Another source of misunderstanding, Mr. Levy said, lies in "the more diverse ethnic, income and taste levels" in the United States, compared with Europe.

Others noted that advertising needs were greater and much more expensive than in Europe, where competition is not as intense. And operating differences created unexpected problems for some of the foreign companies.

"The best example was in Korvettes, where the French owners thought that they could stretch accounts payable into several months but vendors refused to go along; so merchandise got very tight and credit problems started," said Gilbert Harrison, president of Financo Inc., a mergers-acquisitions arm of Shearson Lehman Bros.

"The misunderstanding extended to salaries," he added. "Europeans have low salaries and lots of perks while Americans have higher salaries but fewer perks."

Perhaps the only marked success was the majority purchase of the troubled Great Atlantic & Pacific Tea Co. several years ago by the Tengelmann supermarket company of West Germany. A&P, after severe internal surgery, has been back on a profitable path for more than a year.

But even there, Tengelmann's insistence that A&P start its Plus dis-

Israel's Annual Inflation Rate Dropped to 185% Last Year

Compiled by Our Staff From Outposts

TEL AVIV — Israel's inflation rate, which reached a record 445 percent in 1984, tumbled to 185 percent last year after a tough year and price freeze, according to Central Bureau of Statistics figures released Wednesday.

The statistics were hailed as a victory for Prime Minister Shimon Peres, whose sweeping austerity program initially met fierce opposition.

Inflation, which hit a monthly record of 27.5 percent last July, rose only 1.39 percent in December and was still dropping, the bureau reported.

"We are succeeding, it is now clear we are eradicating inflation," said Finance Minister Yizhak Modai.

Despite cabinet opposition, Mr. Peres and Mr. Modai cut government spending last year by more than 5 percent, heavily devalued the currency and outlawed salary and price increases.

Subsidies on food and transport were slashed and the value of most workers' wages fell by about a quarter.

Mr. Peres, who took power in September 1984 at the head of a leading, nine-party coalition, made the battle against hyper-inflation one of his main objectives. Israel had had three-figure annual inflation since 1979.

The bureau noted that during the first seven months of the year, before the government's economic recovery program took effect, inflation fluctuated between an annual rate of 250 percent to 380 percent. But during the last five months of the year, the rate of price increases declined "drastically" to an annual rate of 2 percent to 3 percent, it said.

(Reuters, UPI)

Interest Rates

Table of interest rates for various currencies and terms.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Source: Reuters, Bank of America, Citicorp, etc. Includes notes on data sources and rounding.

Nigerian Official Says U.S. Backs Economic Plan

WASHINGTON — Nigeria's foreign minister, A. Bolaji Akinyemi, says he has won the support of the United States for a new economic program in Nigeria that looks forward to the end of the decade and the ultimate resumption of full payments to foreign creditors.

The endorsement of Secretary of State George P. Shultz, "was unqualified," Mr. Akinyemi said in a telephone interview. "The State Department assured me that different bankers also had a positive appreciation of what has been done."

Mr. Akinyemi acknowledged that Nigeria's decision to limit debt payments to no more than 30 percent of export earnings had not been specifically discussed with Mr. Shultz, when they met Monday. That issue, he said Tuesday, will be taken up when Finance Minister Kalu Ndika Kalu visits New York and Washington in February.

Last year Nigeria's debt payments absorbed 42 percent of its foreign revenues.

Wednesday, Mr. Akinyemi was to see Paul A. Volcker, Federal Reserve chairman.

Nigeria, a leading oil producer, is suffering economically from the decline in world oil prices. Its foreign debt is estimated at \$12.5 billion.

Source: Reuters.

Gold

Table of gold prices for various locations and currencies.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Source: Reuters.

Markets Closed

Financial markets were closed in Japan Wednesday for a holiday.

Orange Nassau Group advertisement with contact information and services listed.

Tokyo Pacific Holdings N.V. advertisement with weekly net asset value and contact information.

BUSINESS ROUNDUP

Kaiser Aluminum Plans To Reorganize Self, Debt

OAKLAND, California — Kaiser Aluminum & Chemical Corp. said Wednesday that it would reorganize by forming a holding company, and would refinance its \$1-billion bank debt and raise new capital.

Boeing Plans Bigger 747 Powered by Propfan Engine

SINGAPORE — Boeing Co. has announced plans to build a stretched 747 aircraft that would be powered by propfan engines and seat more than 500 passengers and fly faster on long-range routes.

Fear of Terrorism Weakens Tourism in Egypt

Ship, Air Piracy Scare Americans From Pyramids

By John Kifner New York Times Service CAIRO — Egypt's American tourist trade has been all but destroyed by the recent wave of Middle East terrorism, dealing a severe blow to the country's already battered economy, according to trade industry experts.



Idle guides waiting on horseback at the Great Pyramids, just south of Cairo.

Mr. Ziat said, "The profession can't sell Egypt." According to government figures, Egypt is a once-in-a-lifetime vacation destination — there are few repeat tourists — often for retired people on package tours.

Intel Posts 99.2% Fall in Net, Lays Off 700

SANTA CLARA, California — Intel Corp., one of the largest U.S. producers of semiconductors, reported Wednesday that its earnings had fallen 99.2 percent in 1985.

Boeing, MBB To Study Project With Indonesia

Agence France-Press MUNICH — Boeing Co., Messerschmitt-Bölkow-Blohm GmbH and the Indonesian state concern Nurtanio Aircraft Co. have agreed to study whether to build an 85-seat medium-haul aircraft for the early 1990s, MBB said Wednesday.

COMPANY NOTES

Alfa Romeo SpA of Italy said it was competing with two West European companies and Japan's Mitsubishi Corp. for a contract covering construction of an auto engine plant in the Soviet Union.

United States

Abbott Laboratories 4th Qtr. 1985 1984 Revenue \$54.4 \$59.4 Net Inc. 14.4 12.1 Per Share 1.18 1.02

Company Results

Table with multiple columns for various companies including Intel, Rainier Bancorp, and West Germany, showing financial data for 1985 and 1984.

TRASCO LONDON The Mercedes Specialist. Stratched Limousines, Armored Cars, Coach Cars.

INTERNATIONAL CLASSIFIED

AUTOS TAX FREE CARS EUROPORT TAX FREE CARS AUTO CONVERSION EPA / DOT CONVERSIONS

LEGAL SERVICES LOW COST FLIGHTS SERVICES RESTAURANTS NIGHT CLUBS

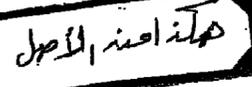
ESCORTS & GUIDES INTERNATIONAL ESCORT SERVICE USA & WORLDWIDE

ESCORTS & GUIDES LONDON BELGRAVIA MAYFAIR CLUB ZURICH-GENEVA ZURICH

ESCORTS & GUIDES VIENNA YOUNG ESCORT SERVICE CHARLENE GENEVA GUIDE SERVICE

2for1 Do you have pet heroes? Get twice as many for your money. Take advantage of our special rates for new subscribers...

SPORTS



Jazz Defuse Rockets, 105-102

HOUSTON — Home sweet home finally turned sour for the Houston Rockets...

NBA FOCUS

Rockets were the last team to go unbeaten at home in the National Basketball Association this season...



Karl Malone: 'Sampson gets intimidated...'

and 14 rebounds from rookie Karl Malone, and Ricky Green scored four points in the last nine seconds to sew up the victory...

'Sampson gets intimidated by contact,' said Malone, who was involved in one of two punching incidents in the game...

Despite Sampson's struggles, the Rockets, behind Lewis Lloyd's 28 points, led by 96-89 with 5 1/2 minutes left...

It was tied twice more before Houston gained its last lead, at 102-101, with 51 seconds left...

'The whole team was thinking about the streak,' Malone said. 'We were the last team to beat them here and we wanted to do it again...'

Houston reserve Jim Petersen was ejected for punching Malone in the second quarter...

'I don't like cheap shots,' Eaton said. 'I told him if he wanted to settle it, let's go...'

Utah defeated the Rockets without scoring ace Adrian Dantley, who has missed three games with a hip pointer...

But the Rockets still lead the Midwest Division by 1 1/2 games and fifth place Utah by seven...

'It doesn't bother me that Utah was the team to break the streak,' said Sampson...



Boris Becker Change of shoes, change of fortune.

Gomez, Replacing Connors, Beats Leconte

NEW YORK — Andres Gomez, given a chance when Jimmy Connors was a late withdrawal, made the most of first-round opportunity in the Masters tennis tournament...

MASTERS TENNIS

into New York Tuesday evening and proceeded to upset Henri Leconte of France, 7-6, 6-1, in this season-ending event...

The victory sends Gomez into the quarterfinals, where he will face Johan Kriek, who also advanced with an upset by knocking off Australian Open champion Stefan Edberg...

In Tuesday's other matches of this 16-man tournament, French Open winner Mats Wilander of Sweden stopped Scott Davis, 6-3, 6-4...

The first round was to conclude Wednesday night with Anders Jarryd taking on fellow Swede Joakim Nyström...

tending a State Department function for Ecuadorian President Leon Febres Cordero when he learned of Connors's withdrawal because of influenza...

It was the third time the two had played; Gomez had never won a set. 'But the more I've played him, the better I'm getting in reading his serve, so I was returning better,' said Gomez...

It also was the first Masters for Edberg, Annacore and Davis. Annacore gave Becker a scare before succumbing to the West German teen-ager's rocketing serves...

'He just hits the ball so hard that he starts making his shots — his emotion and adrenaline take over and he plays better,' Annacore said of Becker...

'In the first round, you always have some problems, especially the serve,' he said. 'The first round is like the finals for me...'

After losing the first set, Becker took command. 'I think I put a lot of pressure on him,' he said. 'I put almost every return at his feet and he never had to volley. He got tired, so he made some mistakes.'

Wilander said he is looking forward to playing Becker again. The Swede defeated Becker en route to the French Open title last year, but then lost to the German right-hander in the ATP Championships final and in the Davis Cup final last month...

Davis said Wilander's big serve surprised him. 'This is the first time I've played him,' Davis said. 'I knew he had a good serve, but there were times when he sort of blew his first serve right by me...'

Kriek raced through his first set against Edberg, breaking the Swede's serve in the third and seventh games en route to an easy victory...

Kriek broke in the third set's first and fifth games. He stayed off triple-break point in the eighth game before closing out the 84-minute match.

Jets Hold Off Nordiques

QUEBEC — The Winnipeg Jets gave the Quebec Nordiques a taste of their own medicine Tuesday night...

'They played Adams Division-style hockey,' said Nordique defenseman Robert Picard after Quebec dropped a 5-4 National Hockey League decision to the Jets...

Hawerchuk, who also had an assist, added his 31st goal of the season at 4:36 on a breakaway, connecting on a blueline slapshot for a 4-2 lead...

Laurie Boschman tallied what proved to be the winning goal when he took a pass from Thomas Steen in front of the net and beat goalie Clint Malarchuk at 12:52...

Behind by 5-2, the Nordiques made things interesting when Dale Hunter tallied at 13:42 and Peter Stastny at 14:01. But goalie Dan Bouchard stiffened and held off the swarming Quebec attack the rest of the way...

'We seem to play better against the good teams,' said Hawerchuk. It's great to get two points on the road against a team like Quebec, because it's never easy against them. Even when it was 5-2, I knew it wasn't over.' (AP, UPI)



Dale Hawerchuk It's never easy against them.

NCAA Authorizes Drug Testing

NEW ORLEANS — The National Collegiate Athletic Association on Tuesday authorized drug testing for athletes competing in the association's championship events and the 18 major-college postseason football bowl games...

John Toner, a former president of the NCAA and chairman of the NCAA special committee on drug testing, said: 'Maybe this isn't the perfect answer. But at least we've gotten started. This is a beginning in the right direction for colleges finally facing the seriousness of this problem...'

There were a handful of 'no' votes although more than 700 members voted to approve the drug tests...

Southern Methodist voted against the drug tests 'on principle,' according to Lonnie Kliever, SMU's faculty adviser for athletics. 'Drug testing should be under institutional control,' Kliever said. 'And this legislation does not satisfactorily provide rehabilitation efforts. We at SMU already have a drug testing program under way...'

Said Don Canham, Michigan's athletic director: 'Every college will now test for drugs itself because it won't want to send a team to a championship and be embarrassed by having one of its stars kicked off of the team because of drugs...'

Under the bowl-game drug-testing plan, at least 36 members of each football team will be tested before a game. The college will select 22 and the NCAA staff members supervising the tests will select the others.

It is estimated that testing for each bowl will cost \$14,400. The NCAA will pay 50 percent or \$7,200 per game. Each bowl committee will pay 25 percent of the remaining cost or \$1,800 with each college splitting the remaining \$5,400...

The NCAA will pay 50 percent of the cost of drug testing for its championship events, with the other 50 percent coming out of gross receipts before any colleges or conferences share in the profits...

Included among the many championships conducted by the NCAA are baseball, basketball, fencing, field hockey, golf, lacrosse, soccer, wrestling, swimming and track and field...

On the final day of its convention, the NCAA also voted: To reduce from eight to seven the number of sports needed to remain a Division I-A member...

To delay for at least a year a proposal to allow five years of athletic eligibility instead of four...

To keep the Division I and Division III men's and women's indoor track championships...

To approve a resolution calling for stronger federal legislation against gambling on college sports...

To permit, 'when circumstances clearly warrant,' the restoration of eligibility of an athlete involved in 'major' or 'secondary' rules violations. (NYT, AP)

Britain Happily Ailing With a Touch of NFL Fever

By Andrew Warshaw The Associated Press LONDON — Three years ago, few British sports fans could tell a tight end from a touchdown. But the land of cricket and soccer has since been gripped by U.S. football fever, and with 10 days to go before Super Bowl XX in New Orleans, it is reaching a peak...

In pubs and subways, British gridiron buffs confidently rattle off such names as Walter Payton and William (The Refrigerator) Perry, and discuss plays from televised National Football League games...

Recorded TV highlights attract more than four million television viewers, and about 200 home-grown teams (including the Heathrow Jets, Greenwich Rams and 'Dunstable Cowboys') now play the game. With plans under way for major sponsorship, Britain might even get its own national league...

NFL interest is also growing in Italy, where games are televised on privately owned stations and there is a small semipro league. Followers are reportedly springing up in France and Spain. But nowhere is the enthusiasm as great as in Britain...

In the buildup to the Jan. 26 Super Bowl, national newspapers have begun carrying regular game reports and player and team profiles...

Magazines like Quarterback, Touchdown and Gridiron UK have led the growing appetite for football by detailing NFL developments and offering package deals to the United States for big games...

Although soccer and cricket still attract far bigger crowds than football, thousands of fans have begun switching loyalties. Said Jonathan Massey: 'If I had the choice of watching pro football or soccer on TV, I'd probably choose football...'

'I hate to say that, because I was brought up on soccer,' said the 33-year-old. 'But the way they pack aggression here is so exciting — so zappy. Soccer just doesn't deliver the goods any more...'

Channel 4, mandated to serve minority interests, has a 75-minute Sunday night show called American Football; its viewers have quadrupled to 4.2 million in four years and it is currently the station's fourth most popular program. The channel's live telecast of the Super Bowl will be its fourth in a row...

Massey, who works for an international auction house, knows his football. 'I like the Green Bay Packers, running backs and Joe Montana of the San Francisco 49ers, and I'm thrilled New England got to the Super Bowl,' said the armchair quarterback...

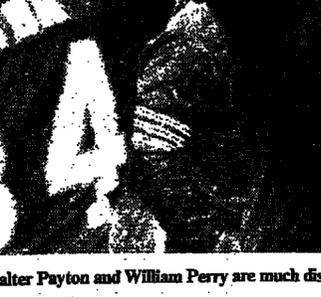
U.S. football on British playing fields is split, haphazardly, into different leagues, including the British American Football League and the American Football Union (UK), both of which have their own championship games...

Attendance is still relatively sparse, averaging about 1,000 people a game, and the level of play poor by U.S. standards...

But a boost is in sight, with the announcement last month by the English subsidiary of Anheuser-Busch Inc., the U.S. brewer, of a \$360,000 sponsorship over the next three years. At least 60 teams already have signed up for the so-called Brewster League, which will start April 27 and will run through Aug. 25...

The money will enable the league to set up a professional organization to set up a full-time commissioner. As part of the package, the league announced that Dan Marino, the Miami Dolphin quarterback, has agreed to help coach aspiring British players...

British interest in the game has not escaped the notice of NFL headquarters in New York. Said Val Fitchback Jr., the league's director of broadcasting: 'We're elated that we've had the interest factor grow to millions who stay up to watch the Super Bowl...'



Chicago Bears Walter Payton and William Perry are much discussed in pubs and subways.

SCOREBOARD

Hockey

National Hockey League Leaders

Table with columns for Player, Team, Goals, Points, Assists. Lists leaders like Gretzky, Lemieux, Kurri, Coffey, etc.

NHL Standings

Table with columns for Division, Team, W, L, T, Pts, GF, GA. Lists standings for Patrick, Adams, Smythe divisions.

CAMPBELL CONFERENCE

Table with columns for Team, W, L, T, Pts, GF, GA. Lists standings for various teams.

TUESDAY'S RESULTS

Table with columns for Team, Score, Location. Lists results of games from Jan 15-16.

Basketball

NBA Standings

Table with columns for Conference, Division, Team, W, L, Pct, GB. Lists standings for Eastern and Western conferences.

Selected College Results

Table with columns for Team, Score, Location. Lists results of college basketball games.

TUESDAY'S RESULTS

Table with columns for Team, Score, Location. Lists results of college basketball games.

Tennis

Masters

Results of Tuesday's matches in the Masters championships in New York (leadings in parentheses):

Table with columns for Round, Winner, Score, Loser. Lists results of Masters tennis matches.

Transition

BASEBALL American League Toronto — Named Clyde Boyer manager...

MINNESOTA — Named Jack Lohmeyer manager of Cedar Rapids (Midwest League)...

CHICAGO — Acquired Mike Martin, catcher, from the Milwaukee Brewers for Rick Ramlal, infielder, and Larry Whitford, pitcher...

CINCINNATI — Named Jack Lind manager of Denver (American Association), Gene Dugan manager of Cedar Rapids (Midwest League)...

PORTLAND — Traded Darrell Valentine, catcher, to the L.A. Clippers for 1985 first-round draft choice and the option of trading second-round draft picks in 1986 or 1987...

HOCKEY

BUFFALO — Sent Jacques Cloutier, goaltender, to Rochester of the American Hockey League...

DETROIT — Called up Jim Lavins, defenseman, and Boal McRea, Glen Murray, left wingers from Glen Falls (N.Y.)...

